



SPA

Siam Wellness Group PLC.
Annual Report
2017



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Message from Chairwoman





Dear Shareholders
of Siam Wellness Group Public Company Limited [SPA],

On behalf of the Board of Directors of Siam Wellness Group Public Company Limited [SPA], I would like to sincerely thank all of the shareholders for your trust and support in our company. This year is another good year for the Tourism industry, in which Thailand has received a total of 35.38 million tourists, a 8.77 % growth from 32.58 million tourists in 2016. This is the highest record for the tourist numbers. Given that 75% of the Company's customers are tourists, as a result, the Company's performance has reflect this with the total revenue of 962.39 million bahts, a growth of 30.21 % and the total net profit of 175.17 million bahts, a growth of 24.26 %. This year's performance also marks the Company's best financial record.

The overall spa industry continues to grow given that both locals and international tourist still has strong demands for spa –related services. Revenue from Tourism business for 2017 is expected to achieve its target of 2.7 trillion bahts* as a result of the Ministry of Tourism and Sports' initiatives of capturing Quality Leisure Tourists and the continuous support of Thailand as Spa Capital of Asia.

In 2017, Siam Wellness Group Public Company Limited has expanded 10 new branches in which 8 branches are expanded under Organic Growth Model including Let's Relax Spa Wake Up Krabi, Let's Relax Spa Karon, Let's Relax Spa Boat Lagoon, Let's Relax Spa Sukhumvit 31, Let's Relax Spa Nimman, Baan Suan Massage Udon Thani, Baan Suan Massage Nongkhai and Baan Suan Massage Phetksem and 2 branches are expanded a new Spa Operating in Hotel Model including Let's Relax The Sis Kata and Let's Relax Millennium Resort Patong. In addition, Let's Relax has expanded to nail spa service at Let's Relax Sukhumvit 39 (Phrom- phong) as the first branch. For overseas expansion, Company has signed the franchise agreement to opens its second overseas outlet in Tianjin, People's Republic of China. As a result, as of 31st December 2017, there are a total of 41 branches including 3 branches of RarinJinda Wellness Spas, 27 branches of Let's Relax Spa (26 domestic and 1 overseas) and 11 branches of Baan Suan Massage.

Together with our international standard of services, the Company has been awarded with many awards including Asia's Top 50 Brands Award from CMO Asia, Best Spa Resort Destination in Thailand Award from Asian Lifestyle Tourism Awards 2017, Asia's Top Wellness Spas and Asia's Top Hotel and Resort Spa from Now Travel Asia Awards 2017, Awards of Excellence in Destination Spa and Outstanding Day Spa from the 11th Thailand Tourism Awards 2017 and People's Choice Thai Spa at the People's Choic Awards voted by Chinese Tourists organized by Wechat and Tourism Authority of Thailand (awarded for 3rd year in a row). In terms of its Management, we are honored to receive Outstanding Investor Relations Award from SET Awards 2015.

Lastly, I would like to sincerely thank our management and staff for their contributions to the Company as well as our advisors for their continuously support for the Company throughout the year. These will be a great willpower and encouragement for the Company to continue to achieve its business goals and commitment and to become the Leader of the Spa Business in Asia in the forthcoming future.

On behalf of the Board of Directors
Yours sincerely,

Mrs. Pranee Suphawatanakiat
Chairwoman





Board of Directors

As of December 31, 2017, The Board of Directors composed of 9 Directors:

1. **Mrs. Pranee Suphawatanakiat**
Chairwoman of the Board of Directors
2. **Mr. Wiboon Utsahajit**
Director
President of the Executive Committee
Chief Executive Officer
3. **Mr. Prasert Jiravanstit**
Director
Member of the Executive Committee
Member of the Nominations and Compensations Committee
Managing Director
4. **Mrs. Thanit Amornpiras**
Director
Member of the Executive Committee
Member of the Corporate Governance Committee
Deputy Managing Director
5. **Mr. Narun Wiwattanakrai**
Director
Member of the Executive Committee
Member of the Risk Management Committee
Assistant Managing Director
6. **Mr. Polchet Likittanasombat**
Director
Chairman of the Audit Committee
(Audit Committee with Accounting Knowledge)
Member of the Corporate Governance Committee
Independent Director
7. **Mr. Chaikut Thienvutichai**
Director
Member of the Audit Committee
Chairman of the Nominations and Compensations Committee
Member of the Risk Management Committee
Independent Director
8. **M.R. Pensiri Chakrabandhu**
Director
Member of the Audit Committee
Chairwoman of the Corporate Governance Committee
Member of the Nominations and Compensations Committee
Independent Director
9. **Mrs. Supee Pongpanich**
Director
Chairwoman of the Risk Management Committee
Corporate Governance Committee
Independent Director

General Information and Other Information

1.General Information

Company Name : Siam Wellness Group Public Company Limited

Stock name : SPA

Company Registration Number : 0107557000144

Business Type : Spa under 3 brands

- RarinJinda Wellness Spa
- Let's Relax and Baan Suan Massage

Head Office Address : 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng
Bangkok 10400 THAILAND

Branch Address : 1) RarinJinda Wellness Spa

- 14 Charoenraj Road, Wat Kate sub-district, Muang district, Chiang Mai
- Grande Centre Point Ratchadamri Hotel, 6th and 8th Floor, No. 153/2 Soi Mahatlekluang 1, Ratchadamri Road, Lumpini sub-district, Pathumwan district, Bangkok
- Grande Centre Point Ploenchit Hotel, 30th and 31st Floor, No. 100 Wireless Road, Lumpini sub-district, Pathumwan district, Bangkok

2) Let's Relax

- Terminal 21 Shopping Mall, 6th Floor, Room SH-6-003, 004, No. 2,88 Soi Sukhumvit 19, Klongtoey Nua sub-district, Wattana district, Bangkok
- Pavilion Night Bazaar Shopping Mall, 1st and 2nd Floor, No. 145 Changklan Road, Changklan sub-district, Muang district, Chiang Mai
- 184/14 Pangmuang Sai Kor Road, Patong sub-district, Kathu district, Phuket
- 209/22-24, Raj-u-thid 200 years old Road, Patong sub-district, Kathu district, Phuket
- Centre Point Residence Phromphong, No. 77 Soi Sukhumvit 39, Sukhumvit Road, Klongtun Nua sub-district, Wattana district, Bangkok
- 240/9 Moo 5, Naklua sub-district, Banglamung district, Chonburi
- 108/42 Moo 1, Bophut sub-district, Koh Samui district, Suratthani
- Mandarin Hotel Bangkok, M Floor, No. 662 Rama 4 Road Mahapreuttharam sub-district, Bangrak district, Bangkok
- Siam Square 1 Shopping Mall, 6th Floor, Room SS6032 and SS 6041, No. 388 Rama 1 Road, Pathumwan sub-district, Pathumwan district, Bangkok
- Hua Hin Market Village Shopping Mall, 2nd and 3rd Floor, Room E201, E201_Terrace, E301, A313, No. 234/1 Phetkasem Road, Hua Hin sub-district, Hua Hin district, Prachuab Khiri Khan
- Park Lane Bangkok, 2nd Floor Room B205-214, No. 18 Soi Sukhumvit 61, Sukhumvit Road, Klongton Nua sub-district, Wattana district, Bangkok
- 97/2, 97/3-4, 97/5, Ratchadamnoen Road, Phra Singha sub-district, Muang district, Chiang Mai
- 7/24 Soi Suanplu, Thungmahamek sub-district, Sathorn district, Bangkok
- The Street Ratchada, 3rd Floor, No. 139 Ratchadaphisek Road, Dindaeng sub-district, Dindaeng district, Bangkok
- MBK Center, 5th Floor, Room No. PLA.F05.A010000 No. 444 Phayathai Road, Wangmai sub-district, Pathumwan district, Bangkok





- Holiday Inn Resort Krabi Aonang Beach, 123 Moo 3, Nopparatthara Road, Aonang sub-district, Muang district, Krabi
- The Berkeley Hotel Pratunam, 10th Floor, No. 559 Ratchaprarop Road, Makkasan sub-district, Ratchathewi district, Bangkok
- 47/3-6 Phayathai Road, Phayathai Road sub-district, Ratchathewi district, Bangkok
- Grande Centre Point Hotel Sukhumvit 55, 5th Floor, No. 300 Soi Sukhumvit 55, Sukhumvit Road, Klongton Nua sub-district, Wattana district, Bangkok
- 121/3 Wake Up Hotel Aonang, 1st Floor, Aonang sub-district, Muang district, Krabi
- 224/2-3 Karon Road, Karon sub-district, Muang district, Phuket
- 5/2-3 Soi Sukhumvit 31 (Sawasdee), Klongtoey-Nua sub-district, Wattana district, Bangkok
- 255 Khoktanod Road, Karon sub-district, Muang district, Phuket
- 20/64 Moo 2, Thepkasattri Road, Koh Kaew sub-district, Muang district, Phuket
- 199 Raj-u-thit 200 years old Road, Patong sub-district, Muang district, Phuket
- 1/5 Nimmanhaemin Road, Suthep sub-district, Muang district, Chiang Mai

3.) Baan Suan Massage

- 1191/2 Ramkamhaeng Road, Hua-mark sub-district, Bangkapi district, Bangkok
- 27 Nakorn-in Road, Talad Kwan sub-district, Muang district, Nonthaburi
- 613/1 Ramintra Road, Khanna Yao sub-district, Khanna Yao district, Bangkok
- 293 Ratchadaphisek Road, Wongsawang sub-district, Bangsue district, Bangkok
- 624 Charoennakorn 68 Road, Daokanong sub-district, Thonburi district, Bangkok
- 488 Bharomratchachonnane Road, Salathammasop sub-district, Thaweewattana district, Bangkok
- Terminal 21 Korat Shopping Mall, 2nd Floor, Room No. 2020-2021 No. 99 Mittraphap-Nongkhai Road, Naimuang sub-district, Muang district, Nakorn Ratchasima
- 689 Mill Place Pohsri Mall, M-0208, M-0209, Pohsri Road, Markkang sub-district, Muang district, Udon Thani
- 1245-1245/1 Moo 5 Soi Wannauthit, Prajaksilpakom Road, Naimuang sub-district, Muang district, Nongkhai
- 673 Phekasem Road, Nongkangplu sub-district, Nongkaem district, Bangkok

Telephone/Facsimile :

(662) 641 6619-20 / (662) 641 6621

Website:

www.siamwellnessgroup.com

Registered Capital :

142,500,000 bahts (one hundred and forty-two millions five hundreds thousands bahts) after initial public offering on October 31, 2014

Par Value :

0.25 bahts (twenty-five satangs)

2. Other registered company that Company holds at least 10% of total shares

2.1 Siam Wellness Resort Company Limited

Head Office Address : 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng, Bangkok
10400 THAILAND

Business Type : Resort and Restaurant

Registered capital : 60,000,000 bahts (sixty millions bahts)

% Shares : 99.99

2.2 Siam Wellness Lab Company Limited

Head Office Address : 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng, Bangkok
10400 THAILAND

Business Type : Spa Products Trading

Registered capital : 1,000,000 bahts (one million bahts)

% Shares : 99.99

2.3 Siam Wellness Education Company Limited

Head Office Address: 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng,
Bangkok 10400 THAILAND

Business Type : Massage School

Registered capital : 1,000,000 bahts (one million bahts)

% Shares : 99.97

3. Other references

Registrar : Thailand Securities Depository Company Limited (TSD)
62 Stock Exchange of Thailand
Ratchadaphisek Road, Klongtoey sub-district, Klongtoey district,
Bangkok
Tel. (662) 009-9000
Fax. (662) 009-9992
Website: <http://www.set.or.th>

Auditor : Ms. Sumana Punpongsanon, certified public accountant no. 5872 and/or
Mr. Sophon Permsirivallop, certified public accountant no. 3182 and/or
Ms. Rungnapa Lertsuwankul, certified public accountant no. 3516 and/or
Ms. Pimjai Manitkajohnkit, certified public accountant no. 4521 and/or
Mrs. Gingkam Atsawarangsalit, certified public accountant no. 4496 and/or
Mr. Chayapol Suppasedtanon, certified public accountant no. 3972
EY Office Limited
Lake Ratchada Building, 33rd Floor, 193/136-137,
Ratchadaphisek Road, Klongtoey district, Bangkok 10110
Tel: (662) 264-9090
Fax: (662) 264-0789-90

4. Other information

- None -

Investors are able to get more information of the Company from Annual Registration Statement (Form 56-1)
shown in www.sec.or.th or in the Company's website



News & Events 2017

February 2017



WeChat Pay

SPA welcomed WechatPay for Chinese Tourists

Siam Wellness Group PCL, the owner and operator of RarinJinda Wellness Spa and Let's Relax Spa, partnered with Wechat Pay, one of the World's most used applications with over 800 million users with e-wallet function which makes the Chinese tourist convenient to pay for Goods and Services.

March 2017

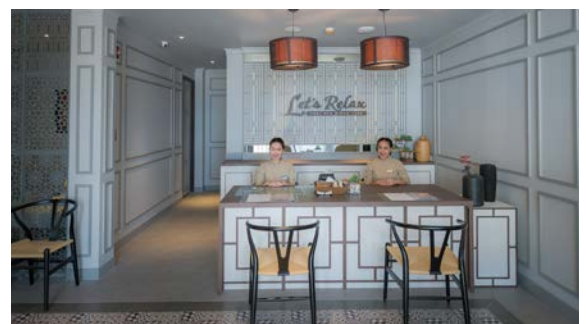


SPA awarded Best Opportunity
Siam Wellness Group PCL ["SPA"]
received the Best Opportunity Day
award, being the top mai Company with
highest viewers at mai FANZI Club 2017



SPA promoted services in India

Siam Wellness Group PCL ["SPA"] has been selected by Tourism Authority of Thailand (TAT) to demonstrate Thai Massage at Namaste Thailand, New Delhi, India.



SPA opened its 32nd store - Let's Relax Phuket Karon

Siam Wellness Group PCL ["SPA"] opened its 32nd store - Let's Relax Phuket Karon. This is the 20th branch of Let's Relax, located opposite to Karon Beach, Phuket.



SPA opened its 33rd store - Let's Relax Krabi Wake Up
Siam Wellness Group PCL ["SPA"] opened its 33rd store - Let's Relax Krabi Wake Up. This is the 21st branch of Let's Relax, located on the Ground Floor of Wake Up Hotel, Aonang Beach, Krabi



SPA opened its 34th store Baan Suan Massage Udon Thani

Siam Wellness Group PCL ["SPA"] opened its 34th store - Baan Suan Massage Udon Thani. This is the 9th branch of Baan Suan Massage, located in Mill Place in front of LPN UD Town-Posri, Udon Thani.



SPA held its AGM

Siam Wellness Group PCL ["SPA"] held its Annual General Meeting with its shareholders at The Berkeley Hotel Pratunam, Bangkok

April 2017



SPA promoted services in Hong Kong

Siam Wellness Group PCL ["SPA"] has been selected by Tourism Authority of Thailand (TAT) to demonstrate Thai Massage at Amazing Thailand Festival 2017 - Thaication, an annual event held by Thai Consulate General in Hong Kong, at Olympian City II, Hong Kong



SPA promoted services in Dubai

Siam Wellness Group PCL ["SPA"] has been selected by Tourism Authority of Thailand (TAT) to demonstrate Thai Massage at Arabian Travel Mart 2017, one of Middle East's largest travel trade fair at Dubai World Trade Center, Dubai, UAE.



June 2017



SPA selected into ESG100

Thaipat Institute has selected Siam Wellness Group PCL ["SPA"] as ESG100 stock with outstanding achievement in Environmental, Social and Governance.



Let's Relax Spa awarded the Best Thai Spa at People's Choice Awards

Let's Relax received the Best Thai Spa Award at People's Choice Awards Thailand Voted by Chinese Tourists 2017 organized by Tourism Authority of Thailand (TAT) and wechat. The award ceremony was held at Central World, Bangkok. This is the 3rd consecutive year that Let's Relax has received this prestigious awards.



SPA promoted services at World Expo 2017 Astana

Siam Wellness Group PCL ["SPA"] has been selected by Tourism Authority of Thailand (TAT) to demonstrate Thai Massage at World Expo 2017 Astana, the annual event that has been held for more than 165 years with countries around the World participating. The Event held in Astana, Kazakhstan with expected visitors of 2 million.



SPA opened its 35th store - Baan Suan Massage Nongkhai

Siam Wellness Group PCL ["SPA"] opened its 35th store - Baan Suan Massage Nongkhai.

This is the 10th branch of Baan Suan Massage, located in CBD area of Nongkhai.



SPA opened its 36th store - Let's Relax The Sis Kata

Siam Wellness Group PCL ["SPA"] opened its 36th store - Let's Relax The Sis Kata. This is the 22nd branch of Let's Relax Spa, located in The Sis Kata, a new design hotel in Kata Beach, Phuket

SPA opened its 37th store - Let's Relax Phuket Boat Lagoon

Siam Wellness Group PCL ["SPA"] opened its 37th store - Let's Relax Phuket Boat Lagoon. This is the 23rd branch of Let's Relax Spa, located in Boat Lagoon Koh Kaew, Phuket



SPA opened its 38th store - Let's Relax Sukhumvit 31

Siam Wellness Group PCL ["SPA"] opened its 38th store - Let's Relax Sukhumvit 31. This is the 24th branch of Let's Relax Spa, located in soi Sukhumvit 31, near BTS Phromphong

SPA Participated in mai Forum 2017

Siam Wellness Group PCL ["SPA"] participated in mai Forum 2017 at Central World, Bangkok





August 2017



Let's Relax Spa awarded the Asia's Top 50 Brands

Let's Relax received the Asia's top 50 Brands award at CMO Asia 2017 held at Le Meridien Sentosa, Singapore. The award was organized by World Brand Congress and in its 8th year with objective of finding Asia's most loved brands.



SPA welcomed students from Panyapiwat Institute

Students from Department of Hotel and Tourism Management of Panyapiwat Institute visited RarinJinda Wellness Spa Ploenchit, Bangkok's First Rooftop Spa, as part of their field trip to understand Thailand's tourism products.



RarinJinda Wellness Spa Resort received Agoda Customer Review Award 2016

RarinJinda Wellness Spa Resort received Agoda Customer Review Award 2016 at Agoda Chiang Mai Office

RarinJinda Wellness Spa Resort awarded Best Spa Resort Destination in Thailand at Asian Lifestyle Tourism Awards 2017

RarinJinda Wellness Spa Resort received the Best Spa Resort Destination in Thailand Award at Asian Lifestyle Tourism Awards 2015.

The Award ceremony held at Marina Bays Sands Hotel in Singapore.



September 2017



RarinJinda Wellness Spa awarded Thailand Tourism Awards

RarinJinda Wellness Spa received an Award of Excellence in Destination Spa, Northern Region and an Award of Outstanding



in Day Spa, Bangkok Region at the 11th Thailand Tourism Awards 2017 held at Royal Paragon Hall, Bangkok

October 2017



SPA awarded 3 Chiang Mai Top Ten Awards 2017

RarinJinda Wellness Spa, RarinJinda Wellness Spa Resort and Deck1 received Chiang Mai Top Ten Awards for Spa. Boutique Hotel and Gourmet. The award ceremony was held at Empress Hotel, Chiang Mai



Let's Relax expanded into Nail Spa

Let's Relax Spa Sukhumvit 39 (Phromphong) branch has been fully renovated after operating for more than 12 years.

The new look combines the colonial architecture with the Thai using light and pastel color to create warm ambiance. This branch offers full extensive spa menu as well as nail care treatments including manicure & pedicure, Paraffin etc.

November 2017



RarinJinda Wellness Spa and Let's Relax awarded Asia's Top Spas at Now Travel Asia Awards 2017

RarinJinda Wellness Spa received the Asia's Top Hotel and Resort Spa and Let's Relax received Asia's Top Wellness Spa at Now Travel Asia awards 2017. The Award ceremony held at Sofitel Macau at Ponte 16, Macau



SPA awarded Outstanding Investor Relations at SET Awards 2017

Siam Wellness Group PCL ["SPA"] received the Outstanding Investor Relations Awards at SET Awards 2017 for company listed in mai category at Stock Exchange of Thailand, Bangkok, Thailand



December 2017



SPA opened its 39th store - Let's Relax Millennium Resort Phuket Patong Beach

Siam Wellness Group PCL ["SPA"] opened its 39th store - Let's Relax Millennium Resort Phuket Patong Beach. This is the 25th branch of Let's Relax Spa, located in Millennium Resort Phuket Patong Beach



SPA opened its 40th store Let's Relax Chiang Mai One Nimman

Siam Wellness Group PCL ["SPA"] opened its 40th store - Let's Relax Chiang Mai One Nimman. This is the 26th branch of Let's Relax Spa, located in One Nimman, Chiang Mai



including Let's Relax Terminal 21, Let's Relax Siam Square One, Let's Relax Pattaya and Let's Relax Phuket Patong 3rd Street.

Let's Relax awarded 4 Popular Spa Choices at Meituan-Dianping Popularity Award 2017

Let's Relax Spa received the Meituan-Dianping Popularity Award 2017 for its popular branches



Let's Relax Spa partnered with Grab to offer special promotion for Let's Relax's customers.

Financial Highlights

Financial Position	2017	2016	2015
Total Asset (In Thousand bahts)	1,175,502	865,033	655,018
Total Liabilities (In Thousand bahts)	420,700	226,162	100,112
Total Shareholder's Equity (In Thousand bahts)	754,802	638,872	554,906

Operational Performance	2017	2016	2015
Total Revenues (In Thousand bahts)	962,391	739,116	543,505
Cost of Sales and Services (In Thousand bahts)	619,558	484,679	334,967
Selling Expenses (In Thousand bahts)	36,878	28,080	21,731
Administrative Expenses (In Thousand bahts)	93,462	60,961	52,043
Total Expenses (In Thousand bahts)	749,898	573,720	408,741
Profit for the Year Attributable to Shareholders of the Parent (In Thousand bahts)	175,169	140,965	106,495
Net Earnings per Share for the Profit for the Year Attributable to Shareholders of the Parent (Baht)	0.31	0.25	0.19

Ratio Analysis

Current Ratio (Times)	0.93	0.73	1.51
Gross Profit Ratio (%)	34.62	33.17	35.18
Net Profit Ratio (%)	18.48	19.44	19.97
Return on Equity (%)	25.14	22.62	20.52
Return on Assets (%)	17.17	18.55	16.96
Debt to Equity Ratio (%)	0.56	0.35	0.18



Audit Committee's Report

To Shareholders of Siam Wellness Group Public Company Limited

Siam Wellness Group Public Company Limited ("Company") has the Audit Committee composed of 3 independent directors whom have expertise and are professional in the specific, with the qualifications according to the provision of The Stock Exchange of Thailand. They independently perform the profession under the Charter of Audit Committee, the Audit Committee consists of:

1. Mr. Polchet Likittanasombat Chairman of the Audit Committee
2. Mr. Chaiyut Thienvutichai Audit Committee
3. M.R. Pensiri Chakrabandhu Audit Committee

In 2017, the Audit Committee had a meeting total of 4 times. The Audit Committee's meeting had attended all meetings with the percentage of 100.00 of the meeting and also invited the management to attend the meeting according to the related agenda of those involved in order to explain the topics matter. As well as invited the internal auditors and certified public accountants to participate in the discussion, the audit results, and the evidences in each quarter. The Audit committee held a meeting with the certified public accountants without the management of the company with total of 4 times.

The Audit Committee's meeting had strictly followed the profession under the Charter of Audit Committee which approved by the Board of Directors of the Company. And the results from each meeting had been reported with the performance summary with useful suggestions to the Board of Directors of the Company to acknowledge, the essence topics are as followed:

1. Reviewed the annual financial statements for the year 2016 and quarterly financial statements for the year 2017 before submitting to the Board of Directors of the company, to be completely certain that the financial transactions prepared by related parties were accurate and adequate to the accounting standards and legal terms as well as enough disclosure in the notes of financial statements. Along with providing the observations and acknowledgement of the solutions as an advantage for the Company, the Audit Committee supposed that the financial transactions was prepared under the guaranteed accounting standards with the accuracy and adequacy which can be reliable, where the choices of accounting policy are reasonable.

2. By reviewing the adequacy of internal controls and internal audit, the Audit Committee supposed that as a matter fact, there are sufficient and effective and no deficiency with the internal auditor working independently. Herewith, the Audit Committee considered the approval of an internal audit plan for the year 2017, following the risk accordingly and focusing on effective and sufficient performance as well as continuing to improve the internal audit system to enhance internal control.

3. By reviewing the observance under the Securities and Exchange Commission, the regulations of The Stock Exchange of Thailand, and the company's related laws, the Audit Committee supposed that the Company has followed the regulations appropriately, as well as reviewing the related subjects or the conflict of interest matters. The Audit Committee agreed that it is reasonable to maximize the benefits of the Company following by the regulations and laws of The Stock Exchange of Thailand as noted in financial statements.

4. By reviewing the risk management, the audit report, and the observations on the internal control system, along with exchanging opinions with the management, the Company has scheduled the meeting for the risk management task force frequently as well as imposing the meeting for the Board of Directors at least every quarter. During the meeting, the Audit Committee mentioned about the overall results, the risks, and suggestions in order to avoid or reducing the significant risks, also reported the progress of the overall results of those responsible individuals. The Audit Committee supposed that the measurement of the risk management was appropriate and sufficient to support the great risky performances according to the business's environment nowadays.

5. By reviewing the adequacy of the internal control system prescribed by the Securities and Exchange Commission, the results showed that the Company had the adequacy of the internal control system.

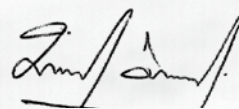
6. Considered selecting the auditors with the transparency and good corporate governance. Along with the overall results of the previous auditors considering the reputation and reliability in auditing with the ability to affirm the financial statements punctually, the Audit Committee suggested that the Board of Directors proposing to the Shareholders' Meeting to approve as followed,

- Appointing the auditors of EY Office Co., Ltd. with the names as followed,
Ms. Sumana Punpongsanon, certified public accountant no. 5872 and/or
Mr. Sophon Permsirivallop, certified public accountant no. 3182 and/or
Ms. Runnapa Lertsuwankul, certified public accountant no. 3516 and/or
Ms. Pimjai Manitkajohnkit, certified public accountant no. 4521 and/or
Mrs. Gingkarn Atsawarangsalit, certified public accountant no. 4496 and/or
Mr. Chayapol Suppasedtanon, certified public accountant no. 3972

To be auditors of Siam Wellness Group Public Company Limited for the fiscal year 2018 with the audit fees of 2,450,000 bahts (Two million four hundred and fifty thousand bahts)

5. The Audit Committee evaluated the overall results of the Audit Committee by evaluating the overall for the year 2017 and had an agreement that the Audit Committee has followed the Charter of Audit Committee effectively and sufficiently.

Siam Wellness Group Public Company Limited



(Mr. Polchet Likittanasombat)
Chairman of the Audit Committee



Section 1

Policy and Overview of Business Operations

Policy and Overview of Business Operations

1. The Vision and Objective of the Business Operation of the Group of Companies

Siam Wellness Group of Companies (Plc) operates a health spa and spa-related businesses as well as the hotel (hospitality) business. For this purpose, the Group of Companies defines its operational vision and objective for expansion and growth of the business in the future as follows:

THE VISION

The Group of Companies defines a comprehensive overview of its business as the provider of standard spa service and the most comprehensive spa services of Asia with spas covering multi-level spa services and has the Regional Brand of the products accepted and recognized both in Thai and overseas markets with simultaneous business growth and expansion both in the Group of Companies and in the operation of its business characterized by reciprocity of support. The Group of Companies has defined 4 missions of its business operation, namely,

- As an organization that creates the standard of Thai spa to be recognized internationally and builds reputation for Thai spa at international level and ultimately at global level.
- As an organization that focuses on the integration of the Western and Thai sciences to enable the service of the Company to be increasingly developed.
- As an organization that promotes and gives support to personnel of every part to enable them to learn and develop themselves consistently and continually in the best interest of the Company and for ultimate maximized benefit of the customers.
- As an organization that attaches importance to the fundamental regulations, the law by adhering to the operation of its business with integrity, precision and ethics with awareness of impact on its personnel, on the environment and community being of paramount importance.

ITS BUSINESS OBJECTIVE

• SIAM WELLNESS GROUP PLC. : SPA

SPA defines its business objective to be increasingly on expansion by setting forth its objective to be the leader of Asian spa with brand symbol impressed on the mind of the customers and to further want to expand its health spa business to provide services to fully meet all demands of the target customers through division of service brands; starting from the upper level customers who have plenty of time to be admitted to receive services and with more purchasing power to the customers with less purchasing power. This is to gain access to customers of every needs through emphasis on good staff training from the Company as to provide the best services to the customers and to build the customer base of new customers as to increase the growth of income for every branch of spa on a continual basis and for further growth in net profit continually in the future.

• SIAM WELLNESS RESORT CO., LTD. : SWR

SWR defines the target for its hotel operation business by emphasizing growth in occupancy rate and average room rate at the hotel by the customers through a launch of publicity for room occupancy sale, through the organizing of MICE for both private and government sectors, both nationally and internationally; As for the restaurant business, SWR will emphasize on growth in occupancy rate and average bill per person. through organizing sales promotion during various festivity periods as to increase operating income for SWR.



- **SIAM WELLNESS LAB CO., LTD. : SWL**

SWL defines the objective of its spa-related products distribution business and health-related products distribution with an aim to expand distribution channels of both domestic and abroad. For the domestic market, it focuses on expanding the distribution channel in a spa place of business established in a hotel; the distribution of goods in medium spa shops in department stores, the distribution of souvenir goods during various festivities such as during the New Year festival and other festive occasions, etc. As for overseas market, SWL is planning to recruit additional distribution agents to handle the export of goods to places of the spa business in leading hotels abroad as to increase income for SWL and to create a business opportunity for expansion and continual growth in the future.

- **SIAM WELLNESS EDUCATION CO., LTD. : SWE**

SWE defines its objective to operate a Thai traditional massage school by emphasizing staff training as to maintain the massage standard and to teach job applicants for the Company's therapeutic staff and to accommodate the launch of SPA branches to promote SPA future growth.

- **TIGER EYES TRADING (THAILAND) CO., LTD.: TGT**

TGT defines its objective to operate a business of importing and distributing facial, body, slimming, wax, nail products as well as spa equipment such as electric blankets, massage bed sheets, facial and slimming devices. The Company distributes to Hair Salons, Beauty Clinics, Hospitals and Spas throughout Thailand. This supports SWL future growth

- **TIGER EYES EDUCATION CO., LTD: TGE**

TGE defines its objective to operate a business of Spa and Beauty School recognized by the Ministry of Education in the name of "Tiger Eyes Academy Beauty and Spa". It offers 7 courses for therapists 1) Facial Skin Treatment 2) Body Scrubs 3) Body Massage Therapy 4) Body Wraps 5) Waxing Treatment 6) Hand & Feet Paraffin Treatment, 7) Traditional Thai Relaxing and Therapeutic Ritual. This supports SPA future growth

2. Significant Changes and Developments

Siam Wellness Group Plc. the "Company" or "SPA", previously was named "Blooming Spa Co., Ltd. It was established in 2001 by the group of Utsahajit Family and the group of Jiravanstit Family with an authorized capital of 3 million Baht. It operated the spa for health business under the brand "Let's Relax", which emphasized the provision of day-spa type service. It is the 4-star service in the format of the service-user having little time, mostly the customers used about 1-2 hours of service time.

In 2006, as the Company envisioned a channel for providing service to customers who increasingly wish to have more comprehensive healthcare, it expanded its business by establishing more places for providing spa service under the brand of "RarinJinda Wellness Spa", by emphasizing the provision of wellness-type spa service. It is a 5-star spa service of leading standard integrating increasingly new technology in the spa service circle and the time of service provided is 1 hour and a half hour upwards.

In 2007, the Company founded Siam Wellness Lab Co., Ltd. or "SWL", previously "Blooming Lab Co., Ltd." with an authorized capital of 1 million Baht to operate a spa-related products, health products and crispy snack distribution business under the brand of "Blooming" for distribution domestically and abroad.

In 2008, the Company increased the authorized capital to 40 million Baht for working capital funding and for branch expansion.

In 2011, the Company founded Siam Wellness Education Co., Ltd. or "SWE", previously named "Blooming Spa Education Co., Ltd." with an authorized capital of 1 million Baht. It operates an educational institute-type school teaching Thai traditional massages recognized by the Ministry of Education. It has the objective to train employees to be service staff of the Company to accommodate the expansion of SPA branches.

In 2013, the Group of Companies underwent the shareholding restructuring in preparation for listing in the Stock Exchange of Thailand. For this purpose, Siam Wellness Group Limited issued shares for increase of the authorized capital in order to buy the share of Siam Wellness Resort Co., Ltd. previously “RarinJinda Co., Ltd.” in the ratio of 99.99 percentage of the authorized capital.

In 2015, the Company acquired Baan Suan Massage, a 3-stars Massage in Bangkok and metropolitan area to expand its spa services for the domestic market.

In 2016, the Company opened its first shop overseas under Franchise Model in Kunming, Yunnan Province, People’s Republic of China. Moreover, the Company expanded its branch through a new model “Spa Operating in Hotel”.

In 2017, the Company acquired Tiger Eyes Trading (Thailand) Co., Ltd and Tiger Eyes Education Co., Ltd to expand the distribution channel of its spa products and expand the training capabilities. Moreover, the Company signed 5 more overseas franchise agreements including Branch 2 in Tianjin, Tianjin Province, the People’s Republic of China, Branch 3 in Qingdao, Shandong Province, the People’s Republic of China and Branch 4-6 in Phnom Penh, Cambodia.

SIGNIFICANT CHANGES AND DEVELOPMENTS DURING THE PAST 3 YEARS ARE AS FOLLOWS:

Year	Significant changes and developments
2015	• The Company acquired S Sense Spa and converted to “Let’s Relax” Ekkamai • The Company acquired Sarahn Relax and converted to “Let’s Relax” Suanplu • The Company opened “Lets Relax” Thapae • The Company opened “D Bistro” Thapae • The Company acquired “Baan Suan Massage” with branches in Bangkok and Metropolitan • The Company sold the franchise rights of “Let’s Relax” in the People’s Republic of China in 3 provinces which are Yunnan, Chongqing and Sichuan • The Company opened “Lets Relax” The Street Ratchada
2016	• The Company opened “Baan Suan Massage” Prachanukul • The Company opened “Lets Relax” MBK • The Company signed a Spa Operating in Hotel Agreement and opened “Let’s Relax” in Holiday Inn Resort Krabi Aonang Beach and The Berkeley Hotel Pratunam • The Company opened “Lets Relax” Kunming, our first branch outside Thailand • The Company opened “Baan Suan Massage” Charoennakorn 68 • The Company opened “Lets Relax” Airport Link Phayathai • The Company opened “Lets Relax” Onsen and Spa Thonglor, Thailand’s most comprehensive Onsen Spa • The Company opened “Baan Suan Massage” Bharomratchachonnanee • The Company opened “Baan Suan Massage” Terminal 21 Korat
2017	• The Company opened “Lets Relax” Wake Up Hotel Krabi • The Company opened “Lets Relax” Karon Phuket • The Company opened “Baan Suan Massage” Mill Place Posri Udon Thani





Year	Significant changes and developments
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2017

- The Company signed a Spa Operating in Hotel Agreement and opened “Let’s Relax” in The Sis Kata
- The Company opened “Lets Relax” Boat Lagoon Phuket
- The Company opened “Lets Relax” Sukhumvit 31 Bangkok
- The Company opened “Baan Suan Massage” Nongkhai
- The Company added Nail Spa Services in “Let’s Relax” Sukhumvit 39 (Phromphong) Bangkok
- The Company signed a Spa Operating in Hotel Agreement and opened “Let’s Relax” in Millennium Resort Patong Phuket
- The Company opened “Lets Relax” Nimman Chiang Mai
- The Company opened “Baan Suan Massage” Phetkasem Bangkok

As at 31 December 2017, the Company had its places of operation opened as follows:

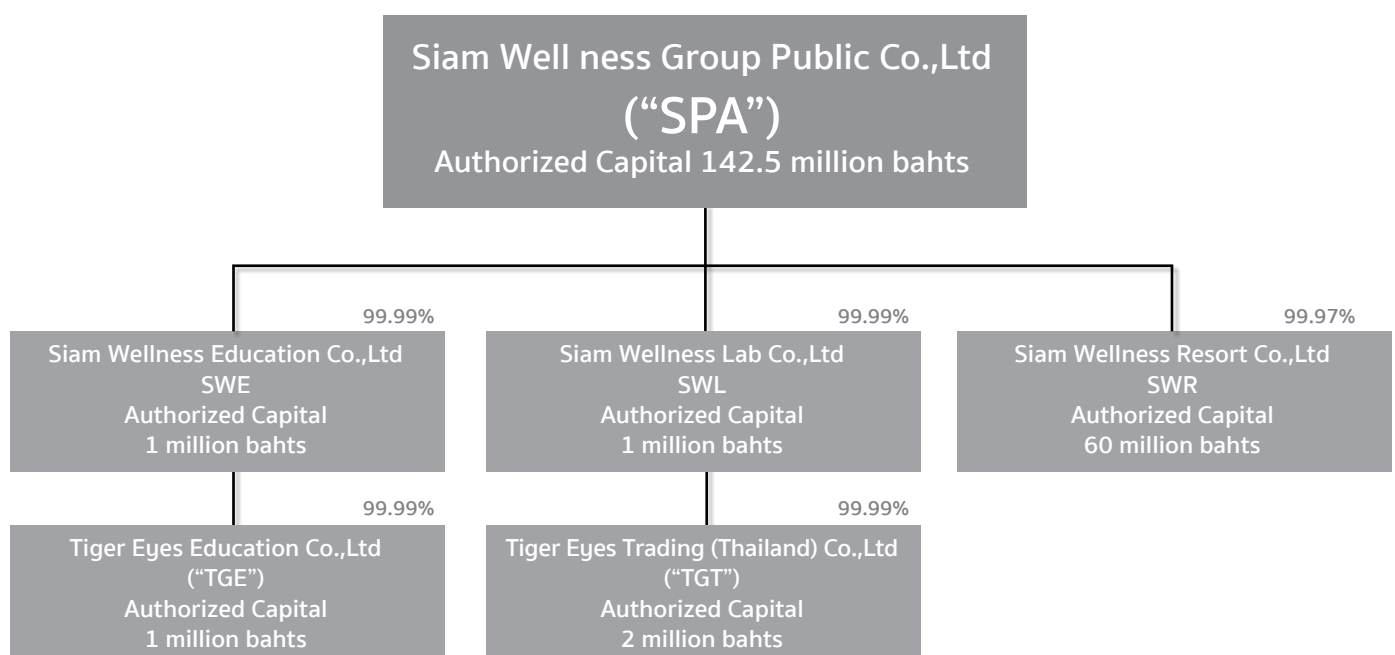
- 3 branches of “RarinJinda Wellness Spa” brand.
- 27 branches of “Let’s Relax” brand (26 branches in Thailand and 1 branch Overseas)
- 11 branches of “Baan Suan Massage” brand.

Branches in the process of being prepared for opening

- “Let’s Relax” Charoenkrung Bangkok
- “Let’s Relax” Central Pattaya Chonburi
- “Let’s Relax” Terminal 21 Pattaya Chonburi
- “Let’s Relax” Tianjin, Tianjin, the People’s Republic of China
- “Let’s Relax” Qingdao, Shandong, the People’s Republic of China
- “Let’s Relax” Phnom Penh 1-3, Cambodia

3. Shareholding Structure of the Group of Companies

As of 31 December 2017, the Group of Companies had the shareholding structure as follows:



The details of the operation of each company are as follows:

1) Siam Wellness Group Plc. (“Company”) or (“SPA”)

Founded on 28th November 2001 to operate a health spa business. Currently its authorized capital is 142.5 million Baht and 142.5 million Baht was fully paid up. The Company’s service is divided into 3 types as follows:

- **“RarinJinda Wellness Spa”** a 5-star Premium and Innovative Wellness Spa situated in 5-stars Hotels and Resorts targeted the upper segment. Fully equipped with all of the latest spa technologies and facilities at high international standards, yet deeply rooted in the Thai Massage and healing traditions, it offers relaxing and therapeutic spa treatments that harmonize all life sense.
- **“Let’s Relax”** a 4-star Boutique Day Spa situated in Shopping Malls, Hotels as well as Standalone in tourist areas targeted upper middle segments. It delicately offers fineness spa pleasure to perfectly balance the body and soul, offers high quality of equipment, products and treatments with experienced and well-trained therapists for a unique and remarkable experience for customers.
- **“Baan Suan Massage”** a 3-star Neighborhood Massage Outlet is a standalone in highly populated area targeted middle segment. It offers relaxing massage therapy for local consumers.

Summary of the details of “Rarinjinda Wellness Spa”

Branch No.	Year of Opening	Branch	Location
1	2005	Chiang Mai	RarinJinda Wellness Spa Resort, Charoenraj Road
2	2007	Ratchadamri	Grande Centre Point Hotel Ratchadamri, Ratchadamri Road
3	2014	Ploenchit	Grande Centre Point Hotel Ploenchit, Wireless Road

Summary of the details of “Let’s Relax”

Branch No.	Year of Opening	Branch	Location
1	2001	Pavillion	Chiang Mai Pavillion Night Bazaar, Chiang Mai
2	2003	Patong 2 nd Street	Raj-u-thit Road, Patong, Phuket
3	2004	Pattaya	Sunshine Garden Hotel, Pattaya
4	2004	Sukhumvit 39	Soi Sukhumvit 39, Bangkok
5	2011	Terminal 21	Terminal 21 Shopping Mall, Bangkok
6	2013	Samui	Bophut, Samui
7	2013	Mandarin	Mandarin Hotel Bangkok, Bangkok
8	2014	Siam Square One	Siam Square One Shopping Mall, Bangkok
9	2014	Hua Hin	Hua Hin Market Village, Hua Hin
10	2014	Patong 3 rd Street	Pangmuang Sai Kor Road, Patong, Phuket
11	2015	Ekkamai	Park Lane Bangkok, Bangkok
12	2015	Thapae	Ratchadamnoen Road, Chiang Mai
13	2015	Suanplu	Soi Suanplu, Bangkok
14	2015	The Street	The Street Ratchada, Bangkok
15	2016	MBK	MBK Center, Bangkok
16	2016	Krabi	Holiday Inn Resort Krabi Aonang Beach
17	2016	Kunming	TKP Building, Beijing Road, Kunming, Yunnan, PRC
18	2016	Pratunam	The Berkeley Hotel Pratunam
19	2016	Phayathai	Airport Link Phayathai Station
20	2016	Thonglor	Grande Centre Point Hotel Sukhumvit 55



21	2017	Wake Up Hotel	Wake Up Hotel, Aonang, Krabi
22	2017	Karon	Karon Road, Phuket
23	2017	Sukhumvit 31	Soi Sukhumvit 31, Bangkok
24	2017	The Sis Kata	The Sis Kata, Phuket
25	2017	Boat Lagoon	Thepkasattri Road, Phuket
26	2017	Millennium Resort	Raj-u-thit 200 years Road, Phuket
27	2017	Nimman	Nimmanhaemin Road, Chiang Mai

Summary of the details of “Baan Suan Massage”

Branch No.	Year of Opening	Branch	Location
1	2015	Ramkamhaeng	Ramkamhaeng Road, Bangkok
2	2015	Nonthaburi	Nakorn-in Road, Nonthaburi
3	2015	Ramintra	Ramintra Road, Bangkok
4	2015	Charoennakorn 55	Charoennakorn Road, Bangkok
5	2016	Prachanukul	Ratchadaphisek Road, Bangkok
6	2016	Charoennakorn 68	Charoennakorn Road, Bangkok
7	2016	Bharom	Bharomratchachonnane Road, Bangkok
8	2016	Korat	Terminal 21 Korat Shopping Mall
9	2017	Udon Thani	Mill Place Posri, Udon Thani
10	2017	Nongkhai	Prajaksilpakom Road, Nongkhai
11	2017	Phetkasem	Phetkasem Road, Bangkok

2) Siam Wellness Resort Co., Ltd. (“SWR”)

It was founded on 30th March 2005 to operate a boutique hotel resort in the name of “RarinJinda Wellness Spa Resort” and a restaurant under the name of “Deck 1” and “D Bistro” in Chiangmai province. Currently SWR has authorized paid up capital of 60 million Baht.

3) Siam Wellness Lab Co., Ltd. (“SWL”)

It was founded on 6th December 2007 to operate a business of the distribution of spa-related products and health products and crispy snacks under the brand “Blooming” for distribution both domestically and abroad. Currently SWL has paid up authorized capital of 1 million Baht.

4) Siam Wellness Education Co., Ltd. (“SWE”)

It was founded on 6th July 2011 to operate a business of Thai massage training school recognized by the Ministry of Education in the name of “Blooming Thai Massage School” as to impart knowledge of spa and massage both in theory and practice to members of the staff. Currently SWE has paid-up authorized capital of 1 million Baht.

5) Tiger Eyes Trading (Thailand) Co., Ltd. (“TGT”)

It was founded on 18th August 1994 to operate a business of importing and distributing facial, body, slimming, wax, nail products as well as spa equipment such as electric blankets, massage bed sheets, facial and slimming devices from France, UK, USA and Canada. The Company distributes to Hair Salons, Beauty Clinics, Hospitals and Spas throughout Thailand. It also acts as Sole Agents for many brands in Thailand and CLMV. Key customers including Hotel Spa and Day Spas in 3-6 stars. Currently TGT has paid-up authorized capital of 2 million Baht.

6) Tiger Eyes Education Co., Ltd. (“TGE”)

It was founded on 24th May 2007 to operate a business of Spa and Beauty School recognized by the Ministry of Education in the name of “Tiger Eyes Academy Beauty and Spa”. It offers 7 courses for therapists 1) Facial Skin Treatment 2) Body Scrubs 3) Body Massage Therapy 4) Body Wraps 5) Waxing Treatment 6) Hand & Feet Paraffin Treatment, 7) Traditional Thai Relaxing and Therapeutic Ritual Currently TGE has paid-up authorized capital of 1 million Baht

4. Relationship with the Business Group of the Major Shareholders

After the restructuring of the Group of Companies in 2013, the Group of Companies and the major shareholders of the Utsahajit family and the Jiravanstit family have not engaged in the business of the same characteristic or that may compete with the Company.





2 The Characteristics of the Business Operation

Siam Wellness Group Plc. (“SPA”) operates a health spa business and a business secondary to the spa business. The groups of business are divided into 4 principal businesses, namely,

1. Spa business

The spa business provides the spa service to Thai and foreign customers under the brand “RarinJinda Wellness Spa”, “Let’s Relax” and “Baan Suan Massage”

2. Hotel and restaurant businesses

Siam Wellness Resort Co., Ltd. (“SWR”) operates the Boutique Hotel Resort business in Chiangmai province in the name of “RarinJinda Wellness Spa Resort” and the restaurant in the name of “Deck 1” and “D Bistro”

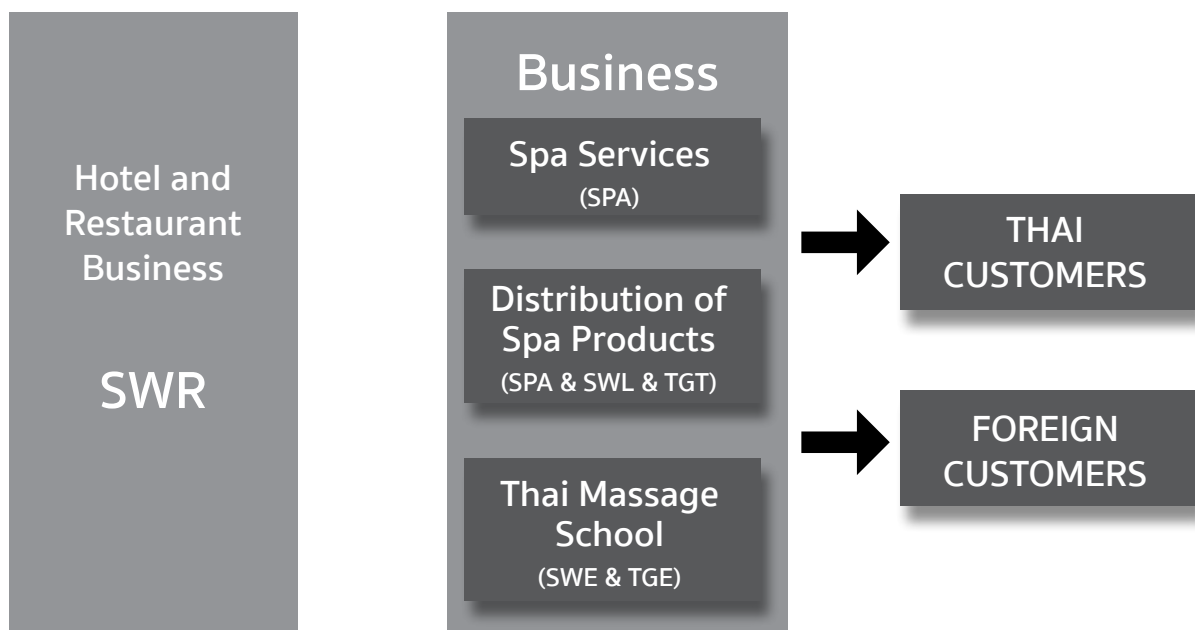
3. Distribution of spa products business

Siam Wellness Lab Co., Ltd. (“SWL”) operates the business of distributing the spa products under the brand “Blooming” for customers in the country and abroad and Tiger Eyes Trading (Thailand) Co., Ltd (“TGT”) operates the business of distributing imported spa products for customers in the country and abroad

4. Thai massage school business

Siam Wellness Education Co., Ltd. (“SWE”) operates the Thai Massage School Business in the name of “Blooming Thai Massage School,” to provide training on Thai massage and spa to therapist as to accommodate the expansion of the business and Tiger Eyes Educations Co., Ltd (“TGE”) operates the Spa and Beauty School Business in the name of “Tiger Eyes Academy Beauty & Spa” to provide training on massage and spa to therapist as to accommodate the expansion of the business.

The overview of the business operation of the Group of Companies is as follows:



2.1 SPA Business

The spa business is the principal business of the Group of Companies. It provides service under 3 brands, i.e., “RarinJinda Wellness Spa”, “Let’s Relax” and “Baan Suan Massage”. The operation of the business must have a license to operate a health spa business which is deemed as hazardous to health and a certificate of standard of the health massage parlor. As of 31st December 2017, the details are as follows:

Summary of the License to operate a business that is hazardous to health and the Certificate of the Standard of the place of business of “RarinJinda Wellness Spa”						
Branch No.	Branch	The License		The Certificate		Remarks
		Issue Date	Expiry	Issue Date	Expiry Date	
1	Chiang Mai	14 May 16	14 May 17	25 Jul 17	24 Jul 22	Health Spa Certificate
2	Ratchadamri	24 Apr 17	26 Apr 18			For the certificate, it’s in the renewal process
3	Ploenchit	12 Jan 18	11 Jan 19			For the certificate, it’s in the renewal process

Summary of the License to operate a business that is hazardous to health and the Certificate of the Standard of the place of business of “Let’s Relax”						
Branch No.	Branch	The License		The Certificate		Remarks
		Issue Date	Expiry	Issue Date	Expiry Date	
1	Pavillion	14 Jul 17	17 Jul 18			For the certificate, it’s in the renewal process
2	Patong 2 nd Street	7 Jul 17	8 Jul 18			For the certificate, it’s in the renewal process
3	Pattaya	13 Jan 17	14 Jan 18			For the certificate, it’s in the renewal process
4	Sukhumvit 39	28 Oct 16	3 Nov 17			For the certificate, it’s in the renewal process
5	Terminal 21	7 Jul 17	17 Jul 18			For the certificate, it’s in the renewal process
6	Samui	25 May 16	6 Jun 17	8 Sep 17	7 Sep 22	Health Spa Certificate
7	Mandarin	16 Aug 17	21 Aug 18			For the certificate, it’s in the renewal process
8	Siam Square One (Phase 1)	10 Feb 17	15 Feb 18			For the certificate, it’s in the renewal process
9	Siam Square One (Phase 2)	1 Aug 17	6 Aug 18			For the certificate, it’s in the renewal process
10	Hua Hin	18 Oct 17	21 Oct 18			For the certificate, it’s in the renewal process



Summary of the License to operate a business that is hazardous to health and the Certificate of the Standard of the place of business of “Let’s Relax”

Branch No.	Branch	The License		The Certificate		Remarks
		Issue Date	Expiry	Issue Date	Expiry Date	
11	Patong 3 rd Street	7 Jul 17	3 Jul 18			For the certificate, it's in the renewal process
12	Thapae	26 Oct 16	26 Oct 17			For the certificate, it's in the renewal process
13	Ekkamai	15 Nov 16	18 Nov 17			For the certificate, it's in the renewal process
14	Suanplu	12 Sep 17	27 Sep 18			For the certificate, it's in the application process
15	The Street Ratchada					For the license and the certificate, it's in the application process
16	MBK	15 Jun 16	14 Jun 17			For the certificate, it's in the application process
17	Krabi	17 Aug 17	16 Aug 18	2 Aug 17	2 Aug 22	Health Spa Certificate
18	Pratunam	1 Aug 17	25 Aug 18			For the certificate, it's in the application process
19	Phayathai	18 Jan 17	17 Jan 18			For the certificate, it's in the application process
20	Thonglor	16 Aug 17	15 Aug 18			For the certificate, it's in the application process
21	Wake Up	13 Mar 17	12 Mar 18	17 Nov 17	17 Nov 22	Health Spa Certificate
22	Karon	9 May 17	8 May 18			For the certificate, it's in the application process
23	Kata					For the license and the certificate, it's in the application process
24	Boat Lagoon	28 Aug 17	27 Aug 18			For the certificate, it's in the application process
25	Sukhumvit 31	19 Oct 17	18 Oct 18			For the certificate, it's in the application process
26	Millennium					For the license and the certificate, it's in the application process
27	Nimman					For the license and the certificate, it's in the application process

Summary of the License to operate a business that is hazardous to health and the Certificate of the Standard of the place of business of “Baan Suan Massage”						
Branch No.	Branch	The License		The Certificate		Remarks
		Issue Date	Expiry	Issue Date	Expiry Dat	
1	Ramkamhaeng	7 Sep 15	18 Sep 16			For the certificate, it's in the renewal process
2	Ramintra	1 Mar 17	10 Mar 18			For the certificate, it's in the renewal process
3	Nonthaburi	8 Oct 17	7 Oct 18			For the certificate, it's in the renewal process
4	Charoennakorn 55	6 Jan 15	26 Feb 16			For the certificate, it's in the renewal process
5	Prachanukul	17 Feb 17	24 Feb 18			For the certificate, it's in the application process
6	Charoennakorn 68	30 Oct 17	7 Nov 18			For the certificate, it's in the application process
7	Bharom	27 Apr 17	26 Apr 18			For the certificate, it's in the application process
8	Korat	17 Mar 17	16 Mar 18			For the certificate, it's in the application process
9	Udonthani	17 Mar 17	17 May 18	6 Nov 17	5 Nov 22	Health Massage Certificate
10	Nongkhai					For the license and the certificate, it's in the application process
11	Phetkasem					For the license and the certificate, it's in the application process

REMARKS:

1. As for the License and the Certificate are in the process of being applied for. The Company has already furnished the supporting documents to apply for the License and the Certificate to the competent officer. Currently, the matter is being considered by the local competent officer and the public health officer.
2. For the rules, regulations and procedure for applying for the License to Operate the Business which is hazardous to health and the Certificate of the Standard of the Place of Business of Health Spa category or the Certificate of the Standard of the Place of Business of the Health Massage category are available for viewing in the Share Offer Prospective for sale offer of ordinary share to increase the authorized capital of the Company or at the Website http://www.siamwellnessgroup.com /ir/files/prospectus_spaspa_2014.pdf.



2.1.1 Characteristics of the Products or Services

The Company operates a health spa business by providing the “Wellness Spa” under the brand of “RarinJinda wellness Spa, “day spa” service under the brand of “Let’s Relax” and the “Massage Outlet” under the brand of “Baan Suan Massage”. The service of the Company is prominently unique as its therapeutic science is derived from the Thai wisdom of traditional medicine integrated in massaging and service combined with Western and Eastern techniques to create a uniquely new service experience of international standard in which new technology is integrated in the spa service coupled with the use of Thai herbs in massaging service for relaxation and massaging for health promotion provided to both Thai and foreign customers.

Characteristics of Wellness Spa service

It is the 5-star service under the brand of “RarinJinda Wellness Spa”. It is the spa located within or on the premises of the same hotel or resort to accommodate guests of the hotel who want to use the spa service for relaxation. It is of larger size than the DAY SPA generally. It is located at the place of tourist attractions or in the community area. In particular, mostly for 4-star or 5-star hotels, the service emphasizes the ambience of a place for relaxation and massage; the place is so arranged to have good atmosphere, beautiful view and landscaped surrounding in tandem with service to care for the body and complexion. Moreover, the Company also integrates the new technology in the spa circle, e.g. the services of Quartz Bed, Hydrotherapy Pool, Vichy Shower with the science of multi-type Thai massage coupled with the use of Thai herbs for relaxation and health promoting massage including aesthetic treatment to both Thai and foreign customer.

Categories of Service of the branches under the brand “RarinJinda Wellness Spa”

The branches which provide service under the brand “RarinJinda Wellness Spa” offers relaxing and therapeutic treatments which combines the latest spa technologies from the West and East with the Thai massage techniques and traditions. Menu includes:

1. Hydrotherapy Service

- Hydrotherapy pool (only at Chiangmai branch)
- Hydro Glow & Tone therapy
- Splashy Vichy Massage

2. Sauna Service

- Detoxifying Infared Sauna
- Herbal Rainforest Steam Sauna

3. Shirodhara Treatment

4. Warm Sand bed Therapy & Tibetan Sound Therapy

5. Four-Hands Aromatherapy Warm Oil Massage

6. Onsen Service (Service is open particularly for Chiangmai Branch). Mineral water is filled in 3 service ponds alternately according to the need of the customer, namely,

- Gero Hot Springs Bath
- Soda Bath
- Cold Bath

5. Thai Massage

8. Thai Massage with Herbal Compress

9. Aromatherapy Oil Massage
10. Aromatic Hot Stone Massage
11. Back & Shoulder Massage
12. Facial Relaxation
13. Foot Reflexology
14. Body Scrub
15. Body Mask
16. Floral Bath

Currently, “RarinJinda Wellness Spa” has a total of 3 branches in Chiangmai and in Bangkok. Every branch is open for service from 10.00 hrs. to 24.00 hrs. The details of the branches are as follows:

- **Chiangmai Branch** is situated in the part of the front area adjacent to the RarinJinda Wellness Spa Resort with approx. size of 3,500 sq.m.
- **Rajdamri Branch** is situated on the 6th and 8th floor of the Grand Center Point Hotel, Rajdamri with approx. size of 903 sq.m.
- **Ploenchit Branch** is situated on 30th and 31st floor the Grand Center Point Hotel Ploenchit, with approx. size of 1,087 sq.m.

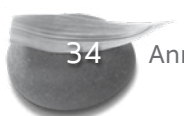
Characteristics of Day Spa service

The characteristics of providing service under the brand of “Let’s Relax”

The provision of Day Spa type service is a 4-star spa service of the format that can be seen generally in locations where travel to use the service is convenient. The use of this type of Day Spa is characterized by short period of service lasting for 1 to 2 hours for use of one type of the spa service or the longest period of use is 4 hours for a full cycle spa service consisting of massage and spa to Thai and foreign customers. Let’s Relax integrates Thai massaging wisdom and service together with technique of massage derived from the science of the West and the East as to create the unique service experience.

Categories of the provision of service of “Let’s Relax”

1. Thai massage
2. Thai massage with hot herbal ball
3. Aromatherapy Oil Massage
4. Aromatic Hot Stone Massage
5. Back & Shoulder Massage
6. Facial Relaxation
5. Foot Reflexology Massage
8. Body Scrub
9. Body Mask
10. Floral Bath
11. Onsen (For Thonglor branch only) including





- Gero Hot Springs Bath
- Cold Bath
- Soda Bath
- Whirlpool Bath
- Silk Bath

12. Nail Spa (For Phromphong branch only) including

- Manicure, Pedicure,
- Normal Polish, Gel Polish, French Polish,
- Paraffin,
- Wax

Currently, Let's Relax has a total of 27 branches (26 branches in Thailand and 1 branch outside Thailand). Let's Relax Spa is conveniently located across Bangkok and in major tourist destinations of Thailand, namely, Chiang Mai, Pattaya, Phuket, Samui Island, Krabi and Hua Hin. Every branch is open for service from 10.00 hrs. to 24.00 hrs. and there are 3 branches under construction. The details of the branches are as follows:

Branches inside Thailand

- **Terminal 21** Branch is situated on the 6th floor of Terminal 21 Shopping Mall with approx. size of 752 sq.m.
- **Sukhumvit 39** Branch is situated on Soi Sukhumvit 39 (Phromphong) with approx. size of 806.82 sq.m.
- **Mandarin** Branch is situated in Mandarin Hotel with approx. size of 1,100 sq.m.
- **Pavilion** Branch is situated in the Pavilion Night with approx. size of 668 sq.m.
- **Pattaya** Branch is situated on the premises on Sunshine Garden Hotel with approx. size of 540 sq.m.
- **Patong 2nd Street** is situated near Jungceylon Mall with approx. size of 1,292 sq.m.
- **Samui** Branch is located near Big C Super Center with approx. size of 1,588 sq.m.
- **Siam Square One** Branch is located on the 6th floor, Siam Square One Mall with approx. size of 756 sq.m.
- **Hua Hin** Branch is located at Hua Hin Market Village (Phase 2- on 2nd and 3rd floor) with approx. size of 743 sq.m.
- **Patong 3rd Street** branch is located near Jungceylon Mall with approx. size of 2,418 sq.m.
- **Ekkamai** branch is located on 2nd Floor of Park Lane Bangkok with approx. size of 578 sq.m.
- **Thapae** branch is located on Sunday Chiang Mai Walking Street with approx. size of 560 sq.m.
- **Suanplu** branch is located on in Soi Suanplu with approx. size of 560 sq.m.
- **The Street** branch is located on 3rd Floor of The Street Ratchada Bangkok with approx. size of 714 sq.m.
- **MBK** branch is located on 5th Floor of MBK Center with approx. size of 615 sq.m.
- **Krabi** branch is located inside Holiday Inn Resort Krabi Aonang Beach with approx. size of 200 sq.m.
- **Pratunam** branch is located near Airport Link Phayathai Station and BTS Phayathai Station with approx. size of 969 sq.m.
- **Phayathai** branch is located near Airport Link Phayathai Station and BTS Phayathai Station with approx. size of 969 sq.m.
- **Thonglor** branch is located on 5th Floor of Grande Centre Point Hotel Sukhumvit 55 with approx. size of 1,820 sq.m.
- **Wake Up** branch is located on 1st Floor of Wake Up Hotel Krabi with approx. size of 698 sq.m.

- **Karon** branch is located on Karon Road, Phuket with approx. size of 41 sq.w.
- **Kata** branch is located on 1st Floor of The Sis Kata with approx. size of 300 sq.m.
- **Boat Lagoon** branch is located inside Boat Lagoon Phuket with approx. size of 2.84 rai
- **Sukhumvit 31** branch is located in Soi Sukhumvit 31 with approx. size of 332 sq.w.
- **Millennium Resort** branch is located on 4th Floor of Millennium Resort Patong Phuket with approx. size of 654 sq.m.
- **Nimman** branch is located on 1st Floor of One Nimman with approx. size of 812 sq.m.

Branches outside Thailand

- **Kunming** Branch is situated on the 6th floor of TKP Building in Kunming, Yunnan, PRC with approx. size of 700 sq.m.

The branch in the Process of being Prepared for Opening

1. Let's Relax Charoenkrung
2. Let's Relax Pattaya Central
3. Let's Relax Terminal Pattaya
4. Let's Relax Tianjin, Tianjin, the People's Republic of China
5. Let's Relax Qingdao, Shandong, the People's Republic of China
6. Let's Relax Phnom Penh (Branch 1-3), Cambodia

Characteristics of Massage Outlet service

The characteristics of providing service under the brand of “Baan Suan Massage”.

The provision of Massage Outlet type service is a 3-star spa service of the format that can be seen generally in locations where locals live. The use of this type of Day Spa is characterized by short period of service lasting for 1 to 2 hours for use of one type of the massage service to Thai and foreign customers using the Thai massage wisdom.

Categories of the provision of service of “Baan Suan Massage”

1. Thai massage
2. Thai massage with hot herbal ball
3. Aromatherapy Oil Massage
4. Foot Reflexology
5. Body Scrub
6. Body Mask

Currently, Baan Suan Massage has a total of 11 branches in Bangkok and Second Tier City area. Every branch is open for service from 09.00 hrs. to 23.00 hrs. The details of the branches are as follows:

- **Nonthaburi** branch is situated on Nakorn-in Road with approx. size of 465 sq.m.
- **Ramintra** branch is situated on Ramintra with approx. size of 614 sq.m.
- **Ramkamhaeng** branch is situated on Ramkamhaeng Road with approx. size of 369 sq.m.
- **Charoennakorn 55** branch is situated on Charoennakorn Road with approx. size of 530 sq.m.
- **Prachanukul** branch is situated on Ratchadaphisek Road with approx. size of 453 sq.m.
- **Charoennakorn 68** branch is situated on Charoennakorn Road with approx. size of 187 sq.m.
- **Bharom** branch is situated on Bharomratchachonnanee Road with approx. size of 583 sq.m.
- **Korat** branch is situated in Terminal 21 Korat Shopping Mall with approx. size of 439 sq.m.





- **Udonthani** branch is located on 2nd Floor of Mill Place Posri with approx. size of 720 sq.m.
- **Nongkhai** branch is located on Prajaksilpakom Road with approx. size of 1 ngarn 51 sq.w.
- **Phetkasem** branch is located on Phetkasem Road with approx. size of 3 ngarn 77 sq.w.

2.1.2 Marketing

Target Customer

The Company has a majority of foreign customers, mostly coming from Asia such as from China, Hong Kong, Taiwan, Japan, South Korea, Singapore, Malaysia and Europe. The Company has made an analysis of the target customers. According to target customer analysis, the customers are divided into 3 main principal groups based on the income according to the service format and the brand positioning, that is to say:

Customer Group	Income per month (Baht)	Brand of Service
A- จนถึง A+	>75,000	RarinJinda Wellness Spa
B จนถึง A-	30,000 – 75,000	Let's Relax
C+ จนถึง B+	15,000 – 50,000	Baan Suan Massage

Source: Data Company

Distribution Channels

Majority of the Company's customers are foreigners. Our spa brands have been widespread from Word of Mouth to various media such as in magazines and participations in various spa booth events both domestic and abroad with principal objective to publicize the Company's spa business; therefore, the Company's spa brands become well-known among the group of foreign tourists. The overall distribution channels of the Company are summarized as follows:

1. Distribution through the service booking system via the Internet.
2. Direct sale to the customers.
3. Distribution through agents.

Price Determination

The Company fixes the price by calculation based on cost of lease of the premises or the depreciation in the case of the construction of a building for use in the operation of the business plus personnel labor cost and incidental expenses coupled with price comparison of the competitor's spa business in combination with the marketing analysis as to determine the price strategy, taking into account surrounding factors concerned such as the location of the spa business, marketing opportunities, groups of target customers and the operating costs, for instance.

Factors Affecting Competition

The Spa business makes the difference in each provider of service in terms of location, the location of the shop; the convenience of travel, the vicinity of popular tourist attractions in Thailand. The provision of good service for the masseur who provides service, the experience of the provider of service, the quality of service and trust from the customers, the management of the Group of Companies therefore considers the factors affecting the competition in the business to be used as a strategy as to create the difference and to promote the strength for business competition of the Group of Companies as follows:

1. Experience and Professionalism in the Conduct of Business

As the Company has had more than 19 years of spa business experience, it is able to offer various types of massage service to be provided by able and skilled therapist staff that has been trained properly according to the school's training course of the subsidiary company (SWE) in tandem with the premium grade spa products of the subsidiary company (SWL) to create confidence in the consumers and to effectively respond to their needs. This is to make a good impression and create brand loyalty to the business and to the goods. When the customers are impressed with the goods, they are able to buy more for further consumption, thus, resulting in increased distribution of the products for the Group of Companies.

2. Location

The choice of the location for spa business, for "RarinJinda Wellness Spa", the Company would choose the location inside the 5-stars hotel which matches the targeted customer group. The customer prefers premium services with one-on-one service and seeks treatments that harmonize all life senses.

For "Let's Relax", the locations is chosen with convenience and the vicinity of tourist attractions factor. For example, for the branches in Bangkok, the Company would choose a location of the spa to be near to the BTS station. For the branches in the provinces of tourist attraction, they will be located in the vicinity of a tourist attraction or a department store.

For "Baan Suan Massage", the location is chosen in main streets with highly populated area of middle class with great sight.

3. Creation of the difference in terms of quality

To use the spa service for relaxation and for healthcare due to stress and health problem caused by socio-economic condition and current business competition, the Company therefore provides service that emphasizes safety and reliability when providing the service as the principal service of the spa is involved massaging. Each type of massage requires contacts with various parts of the body.

As for RarinJinda Wellness Spa, emphasis will be made on the provision of service for relaxation and massage with full format of services of world standard with integration of new spa technology such as Quartz Bed, Hydrotherapy Pool and Vichy Shower combined with Thai massage science in tandem with the use of herbs.

4. Sales Promotion

The Company arranges for sales promotion such as Loyalty Program offering special price discounts to encourage the customers to decide tentatively to use the spa service with increased ease and to help increase the rate of service use during the tourist Low Season and there is an organized sales promotion during the period of publicity campaign in various tourist events both domestically and abroad with offers of discount coupons through magazines.

2.1.3 Procurement of Products or Services

In conducting a spa business, the Company has the operational factors as to acquire the said services, namely,

1. In the matter of acquiring a location to be used for operating the spa business, the space needed for providing service.
2. Therapist staff.
3. Accessories for providing service.
4. The spa products used in the service branches of the Company.



The Company, therefore, procures various factors as follows:

1. A location to be used to operate a spa business

The location of the spa business for each branch has importance for choice of use of service by customers.

The Company therefore takes into account the said factors by selecting a location of the branch of the spa with convenient communication, ease of travel in the neighborhood of important tourist attractions or is located within a hotel. The location will be arranged to have a good environment and safety including beautiful design and decoration of the branch. These are important factors that would influence the decision to choose the spa service by the customers. Furthermore, the Company is acquiring the area, which is divided into 2 formats as follows:

• Lease of the space

Currently, there has been executed the agreement for long-term lease of the area to operate a total of 37 branches of the spa service. Most of the agreement for lease of the area is a 3-year lease. There is negotiation for renewal of the lease agreement for newly opened branches for around 6 - 9 years of lease (a 3-year lease with a further 3-year renewal and/or with a further 3-year renewal). This is for worthy returns on investment in terms of decoration for opening the spa branch; but thereafter, generally, the lease agreement can be renewed once for 2-3 years of lease each. Due to good consistent relationship with the lessor, during the past, there was no problem encountered with the renewal of the lease agreement. For some branches, more than 17-year continuing lease is renewed to operate the business. The details are shown in the Table as follows:

Brand “RarinJinda Wellness Spa”

Branch	Year of Operation	TotalSpace (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Chiang Mai	2005	3,500	30 years	1 Jan 13 – 31 Dec 42	• Lease of land from affiliated person and improvement made on the wreckage of the building to be used as a place for operating a spa business and to sub-let part of the space connected to the subsidiary company to be converted into a hotel. • Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 3 years in advance prior to the expiry of the Lease Agreement.
Ratchadamri	2007	903	3 years	1 Jan 17 – 31 Dec 19	• Lease is renewable for renewal of 3 years
Ploenchit	2014	1,087	3 years	1 Nov 17 – 31 Oct 20	• Lease is renewable for renewal of 3 years

Brand “Let’s Relax”

Branch	Year of Operation	TotalSpace (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Pavillion	1998	668	3 years	16 Sep 16 – 15 Sep 19	• 4 lease agreements (expansion of area with renewal of the agreement to expire simultaneously) • Lease is renewable for two renewals of 3 years each.
Pattaya	2004	540	3 years	1 May 15 – 30 Apr 18	• Lease is renewable for two renewals of 3 years each.
Sukhumvit 39	2004	806.82	3 years	1 Jan 17 – 31 Dec 19	• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.
Terminal 21	2011	752	3 years	11 Oct 17 – 10 Oct 20	• Lease is renewable for one renewal of 3 years each.
Samui	2013	1,588	3 years	1 Jan 16 – 31 Dec 18	• Lease is renewable for two renewals of 3 years each.
Mandarin	2013	1,100	3 years	1 Jan 17 – 31 Dec 20	• Lease is renewable for three renewals of 3 years each.
Siam Square One (Phase 1)	2014	424.43	3 years	1 Aug 17 – 31 Jul 20	• Lease is renewable for two renewals of 3 years each.
Hua Hin	2014	743	3 years	21 Jun 17 – 20 Jun 20	• Lease is renewable for renewal of 3 years.
Patong 3 rd Street	2014	2,418	3 years	1 Feb 17 – 31 Jan 20	• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.
Siam Square One (Phase 2)	2014	332.01	3 years	21 Jun 17 – 20 Jun 20	• Lease is renewable for two renewals of 3 years each.
Ekkamai	2015	578.25	3 years	1 Jul 15 – 30 Jun 18	• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.
Thapae	2015	920 (some are sub-lease to SWR)	3 years	1 Oct 15 – 30 Sep 18	• Lease is renewable for renewal of 3 years each.
Suanplu	2015	560	3 years	1 Aug 15 – 31 Dec 18	• Lease is renewable for two renewals of 3 years each.
The Street Ratchada	2015	714	3 years	15 Dec 15 – 14 Dec 18	• Lease is renewable for two renewals of 3 years each. • Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.



Branch	Year of Operation	TotalSpace (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
MBK	2016	615.49	3 years	1 Feb 2016 – 31 Jan 2019	• Lease is renewable for two renewals of 3 years each.
Holiday Inn Resort Krabi Aonang	2016	200	3 years	18 May 16 – 17 May 19	• Renewal of the lease agreement is subject to review by tenant
The Berkeley Pratunam	2016	260.90	3 years	18 Jul 16 – 17 Jul 19	• Lease is renewable for renewal of 3 years each.
Phayathai	2016	969	3 years	Test Run 1 Nov 16 Rent Free 105 days from hand-over	• Lease is renewable for two renewals of 3 years each.
Thonglor	2016	1,819.5	3 years	15 Nov 16 – 14 Nov 19	• Lease is renewable for four renewals of 3 years each.
Wake Up Krabi	2017	698	3 years	19 Nov 16 – 18 Nov 19	• Lease is renewable for three renewals of 3 years each.
Sukhumvit 31	2017	60 sq.wah	3 years	1 Apr 17 – 31 Mar 20	• Lease is renewable for two renewals of 3 years each.
The Sis Kata Phuket	2017	300	2 years	17 Jun 17 – 16 Jun 19	• Lease is renewable for renewal of 2 years each.
Boat Lagoon Phuket	2017	2.84 rai	3 years	1 Jan 17 – 31 Dec 19	• Lease is renewable for three renewals of 3 years each.
Millennium Phuket	2017	654.23	3 years	1 Nov 17 – 31 Oct 20	• Lease is renewable for renewal of 3 years each.
One Nimman Chiang Mai	2017	812	3 years	1 Dec 17 – 30 Nov 20	• Lease is renewable for renewal of 2 years each.

Brand “Baan Suan Massage”

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Nonthaburi	2015	465	3 years	1 Aug 15 – 31 Jul 18	• Lease is renewable for two renewals of 3 years each.
Ramintra	2015	614	3 years	1 Oct 17 – 30 Sep 20	• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 60 days in advance prior to the expiry of the Lease Agreement.
Ramkamhaeng	2015	2 rai 200 sq.wah	4 years 9 months	1 Jun 17 – 31 May 20	• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 60 days in advance prior to the expiry of the Lease Agreement.

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Prachanukul	2016	453	3 years	1 Nov 15 – 31 Oct 18	• Lease is renewable for renewal of 2 years each.
Charoennakorn 68	2016	187	3 years	1 Apr 16 – 31 Mar 19	• Lease is renewable for three renewals of 3 years each.
Bharom	2016	583.3	3 years	1 Aug 16 – 31 Jul 19	• Lease is renewable for three renewals of 3 years each.
Terminal 21 Korat	2016	349	3 years	19 Dec 16 – 18 Dec 19	• Lease is renewable for three renewals of 3 years each.
Udon Thani	2016	712.27	3 years	15 Dec 16 – 14 Dec 19	• Lease is renewable for two renewals of 3 years each.
Phetkasem	2017	3 Ngarn 77 sq.wah	3 years	1 Jul 16 – 30 Jun 19	• Lease is renewable for three renewals of 3 years each.

REMARKS:

The details of the lease and terms of lease are according to the details shown in the heading no 4: Property used for the Operation of the Business.

• PURCHASE OF PROPERTY

1. The company made a capital investment to purchase 3 compartments in the commercial building located on Rat-Uthid 200 year road in Tambon Patong, Katu district, Phuket province, to operate “Let’s Relax”, Patong 2nd Street Branch, of the space of 1,292 sq.m. opened in 2002.

2. The company made a capital investment to purchase a 3-storeys commercial space (B, 1st and 2nd Floor / Building 1 / Condo Register No. 4/2547) in River Heaven Condo located on 1778 Bangkorlaem sub-district, Bangkorlaem district, Bangkok with the total area of 781.82 sq.m. Currently, it is under renovation for “Let’s Relax” Charoenkrung Branch

3. The company made a capital investment to purchase a commercial building located on 224/2-3 Karon Road, Karon sub-district, Muang district, Phuket with the total area of 41 sq. wah. Currently, it has opened in 2017 for “Let’s Relax” Karon Branch

4. The company made a capital investment to purchase a commercial building located on 1245-1245/1 Moo 5 Naimuang sub-district, Muang district, Nongkhai with the total area of 1 Ngarn 51 Sq. wah. Currently, it has opened in 2017 for “Baan Suan Massage” Nongkhai Branch

5. The company made a capital investment to purchase a commercial building located on 224/27/28 Nhongpru sub-district, Banglamung district, Chonburi province with the total area of 53 Sq. wah. Currently, it is under renovation for “Let’s Relax Central Pattaya



2. Therapist Staff

The therapist staff (the massage staff) is one of the important factors that will enable the Company to provide for spa service. Mostly the Company's staffs have been working for the Company for a long time. Moreover, the Company had opened subsidiary companies in the name of Siam Wellness Education Co., Ltd. (SWE) to operate a massage training school to support the recruitment of therapist staff of the Company to replace the personnel who resigned and to prime additional staff in anticipation of the expansion of the Company's branches in the future including its being used as a facility for training the Company's therapists to provide service and maintain the standard of the therapists for the Company's spa business to enable the staff to be knowledgeable both in theory and in practice; they can learn to massage according to the correct method for safety to both the provider of service and the recipient of service to the extent that the provider of service is skilled and able to provide advice on relevant matters to the users of service. Moreover, the in case of some branches with great number of the service users, the Company will be able to relocate its therapist personnel from other branches to provide service in the branches as required to ensure smooth service and in timely manner.

As of 31 December 2017, the Company has approximately 950 therapist personnel stationed at various branches of the spa business.

3. Accessories for Providing Services

To ensure that required spa services can be provided to the customers, the Company must procure the equipment and accessories needed for providing said spa service according the Brand "RarinJinda Wellness Spa", "Let's Relax" and "Baan Suan Massage". The details of the service provision can be displayed as follows:

Equipment for Providing Wellness Spa Type as of 31 December 2017

RarinJinda Wellness Spa

Branch	Thai Bed	Foot Chair	Oil Bed	Quartz Bed	Vichy Bed	HYDRO TUB	Total
Chiang Mai	21	9	26	2	1	1	60
Ratchadamri	6	3	12	2	1	1	25
Ploenchit	16	4	15	2	-	-	37

Equipment for Providing Day Spa Type as of 31 December 2017

Let's Relax

Branch	Thai Beds	Foot Chairs	Oil Bed	Back & Shoulder Chairs	Total
Pavillion	18	12	10	8	48
Patong 2 nd Street	32	18	18	8	76
Pattaya	10	9	10	7	36
Sukhumvit 39	19	10	13	5	47
Terminal 21	21	12	17	10	60
Samui	19	9	21	5	54
Mandarin	21	8	14	6	49
Patong 2 rd Street	34	13	29	10	86
Siam Square One	30	10	33	6	79
Hua Hin	12	6	9	4	31
Ekkamai	11	6	11	4	32

Branch	Thai Beds	Foot Chairs	Oil Bed	Back & Shoulder Chairs	Total
Thapae	10	7	11	4	32
Suanplu	22	6	8	4	40
The Street	24	6	17	4	51
MBK	23	10	20	6	59
Krabi	-	3	7	2	12
Pratunam	1	2	7	2	12
Phayathai	23	10	19	6	58
Thonglor	20	6	11	4	21
Wake Up	17	6	14	4	41
Karon	12	4	7	2	25
Kata	8	3	6	2	19
Boat Lagoon	25	9	27	6	67
Sukhumvit 31	11	13	12	2	38
Millennium Phuket	6	4	14	2	26
Nimman	19	6	19	4	48

Equipment for Providing Massage Outlet Type as of 31 December 2017

Baan Suan Massage

Branch	Thai Bed	Foot Chair	Oil Bed	Total
Nonthaburi	26	3	4	33
Ramkamhaeng	31	3	4	38
Ramintra	30	3	5	38
Prachanukul	30	5	4	39
Charoennakorn 68	24	5	3	32
Bharom	30	4	2	26
Korat	23	5	3	31
Udon Thani	27	4	4	35
Nongkhai	16	4	3	24
Phetkasem	20	4	3	27

4. Spa products used in the Company's service branches

The spa products used in the Company's spa business is one of important factors to create an impression with customers in the Company's service such as massage oil and essential oil, the body scrub and body mask products including fresh herbal ball. By relying on its expertise, experience, Company has developed the quality of its products to have unique characteristics in collaboration with a team of pharmacists in the country and in the case of the said products are not consistent with the established requirement, the Group of Company is able to supply the substitute for said products thanks to numerous producers of the same products.

2.1.4 Industry Situation and Competition

Industry situation

Since the Government's announcement of its policy for the development of Thailand to become the International Health Center in the year 2004 and its plan to push for realization of Health Care Service business within a period of 5 years (2009-2013) to promote Thailand to become the "Spa Capital of Asia" by pushing for the creation of the standard for Thai spa business coupled with an offensive marketing strategy



through the launch of publicity campaign, the organizing of business promotion activities and support to be given to expansion of the market abroad including investment/joint venture for setting up a business, the creation of a network and a unique brand. The said push is responsible for the Thai spa and Thai massage businesses to be well-known and to be of service standard recognized internationally and it has become another branch of service business to play an important role in strengthening the economic growth of Thailand. It is a service business that Thailand has the potential to become the “exportable service” in the format of accommodating foreigners who enter to use the service in the country, the export of the service including the export of spa personnel to provide the service abroad. Moreover, it is the business that supports the expansion of other secondary service businesses concerned, e.g tourism, health products, etc., resulting in the increased influx of foreign currency from this group of service businesses.

Market Value of the Spa Business

Collectively, the spa industry has continually expanded in term of the place of providing service and the operating income from the spa business thanks to Thailand’s readiness in terms of personnel, premises and resources coupled with unique support service of the country such as Thai massage, use of Thai herbs and the salient points in the aspect of friendly disposition and manners in providing service, resulting in rather high growth rate of this branch of service.

Analysis of the market value of Thai spa business according to the compilation of data by the relevant organizations, namely,

The Thai Spa Association reported that the total market value for spa for 2017 is approximately 3.85 billion bahts, a growth from 2016’s sum value of 3.5 billion bahts, the market is expected to grow as a result of increasing demand from locals and foreigners. Similar expectation is anticipated for the spa products market. The strategy is to maintain the unique Thai ness in both the therapists and the Thai Herbs. This goes in line with Tourism Authority of Thailand’s policy of Discover Thainess, which targets quality leisure tourists. The Ministry of Tourism and Sports is expected that the revenue from the tourism business is expected to be 2.7 trillion bahts.

For the local market, there is also expectation of strong growth as the the economy continues to grow which results in higher income per capita and higher proportion of expenses on health related products. Moreover, the people are taking better care of themselves. According to Kasikornbank Research, More than 48% of Bangkok population use natural remedies for relaxation and rejuvenation. Thus, the health sector has potential positive growth.

Overview of Competition

Spa industry in Thailand has started to expand clearly since 2002 both in terms of the number of service users and places of providing the service. Most of the places of providing spa service in Thailand are being operating by small operators. According to the compilation of the statistics of Thai Spa Association, it was found that during the years 2008 and 2012, Thailand had about 60 percent of the places of business being set up in the hotels and resorts and about 40 percent of the places of business, which were set up in the format of Stand Alone. Moreover, Thai Spa Association yet further forecasted that in the future, the ratio of the place of business of the two formats would switch to 50:50 due to the format of the STAND ALONE spa started to embark on investment in the business format and were increasingly launched for operation in the form of branches. The ratio of the places of business was divided according to the location in the hotels and resorts and according to the type of Stand Alone.

The trend of the increase in the attention to healthcare of the Thai people results in the branching out of the spa business from the hotels and is on rapid expansion in the business and tourist districts. Under the concept of providing diverse services and the attention is focused on the spa business that it is one of the group of healthcare businesses with high potential of growth and it was forecasted that the income from

spa business in the tourism market is likely to be expanding continually thanks to the growing trend in tandem with tourism industry being continuously promoted and supported by the government sector; yet it is one of the health service businesses of which the government sector setting forth the target for Thailand to become the Health Center of Asia.

As the trend of paying attention to health among the middle income group is on the increase which forms the majority of the population or accounts for 70 percent of total Thai population, it is an opportunity for the spa business to be expanded into the middle level market comprising the target group of both Thai customers and foreigners who are staying in Thailand including the tourists with the purchasing power of the middle income upwards. The majority of the spa operators are Thai nationals, launching the business in large cities or in business districts, covering the spa business outside of the hotels but focusing on catching the upper market and small-sized spa business focusing on the middle market. Based on the reason stated above, the overview of the spa business within Thailand is a market of high competition thanks to the increase in large number of the spa business operators both in Bangkok and in the provinces, in the format of the full-cycle spa service with luxurious design and decoration including the diversity of spa service together complete with amenities and conveniences that give a feel of relaxation when entering into using the spa service to the format of the row-house spa being open for massage and beautifying services in various formats without placing emphasis on the beauty of the design of the spa shop or luxury, but the emphasis is placed on providing service specially prepared for the customer only.

2.1.5 The Environmental Impact

The Company has a policy to operate the business by strictly complying with the law and regulation, observing the practical procedures of the Ministry of Public Health in operating the said business. With the certification from the Ministry of Public Health to operate the branch spa business of the Company placing an emphasis on the conservation of the natural ecological system by preserving to the utmost the gardening area and plants (green foliage) as much as possible and by placing importance to the matter of ecological system, to the preservation of the environment, the products of the Company in providing service to the customers being the produce made from the nature without destroying the environment as to preserve the environment to good condition.

2.2 HOTEL AND RESTAURANT BUSINESSES

The operation of the hotel and restaurant business of the Group of Companies is managed by Siam Wellness Resort Co., Ltd. (SWR), having the details as follows:

2.2.1 Characteristics of the Products or Services

The provision of services of SWR can be classified according to the categories of the service characteristics, that is, hospitality (hotel) business and restaurant services in Chiangmai.

The Hotel Service

It is the hotel service under the name of “RarinJinda Wellness Spa Resort”. It is a boutique-resort hotel of 5-star level and with the maintenance of the ambience of the Northern Lanna style. Every room has the private balcony overlooking the scenic view of Doi Suthep hill and Ping river complete with amenities and conveniences, whether or not it is the high-speed Wi-Fi Internet, the fitness room and Yoga room, an open-air swimming pool, a imousine service and tour-guide service, laundry service including the library with free computer service and DECK 1 restaurant including the availability of RarinJinda Wellness Spa, Chiangmai Branch, to provide full-cycle service; it is situated in the area in front of the hotel.

Moreover, inside the hotel, the ancient teak house aged over 140 years is preserved. It is the integration of Burmese and Lanna ambience. It is placed as part of the Drawing Room of the hotel; the



meeting room and Thai massage room of RarinJinda Wellness Spa Resort as to preserve it for posterity generation and for foreigner to touch and to be impressed.

On the part of the hotel which is newly constructed, the architect had designed it to blend with the original ancient wooden house including the landscaping design which emphasizes the green foliage of the plants including the water lines meandering along the building, which is the special feature that is distinct from other architecture in Chiangmai province and resulted in RarinJinda Wellness Spa Resort to receive various awards for preservation of the construction of historical importance, the culture and the good traditions as well as the custom of Thailand.

• Guest Room Service

RarinJinda Wellness spa Resort provides the guest room service as follows:

Room Type	Size (sq.m.)	No. of rooms	Room Rate (THB)
Deluxe	46	22	6,500
Deluxe Pool Access	53	7	10,000
Wellness Suite	93	5	16,000
RarinJinda Villa	164	1	27,000
Total		35	

REMARKS * The price of the guest room according to the Website of the Hotel as of 31 December 2016.

** The above price does not include 10% of Service Charge and 7% VAT.

• Food and Beverage Services

RarinJinda Wellness Spa Resort provides Deck 1 restaurants service. It is located adjacent to the riverside of Ping River. It emphasizes the open perspective outlook with cozy ambiance both inside and outside of the building. The restaurant provides food and drinks including the catering for the party, wedding party, emphasizing the impressive quality of service and the quality of food prepared by experienced chef to provide service to hotel guests and general customers. The details are as follows:

Deck 1 provides healthy food like Modern Asian Fusion, open daily from 05.00 hrs. to 24.00 hrs. with total capacity of 80 seats. For festival period, for example, Songkran festival or New Year festival, total capacity can be increased to total of 120 seats and can be divided the period of service as follows :

Breakfast service	07.00 hrs. – 10.00 hrs.
Lunch	11.00 hrs. – 14.00 hrs.
Afternoon snack	14.00 hrs. – 17.00 hrs.
Dinner	17.00 hrs. – 24.00 hrs.

Moreover, the Company has expanded an additional outlet under “D Bistro” on Ratchadamnoen Road, or better known as Sunday Chiang Mai Walking Street. Offering the Casual Dining style, the bistro serves Sandwiches, Salads, Burgers, Soup, Cakes and Fresh bakeries. The bistro opens from 8.00 am to 11.00 pm (except Sunday opens until midnight). The bistro has a capacity of 50 seats.

2.2.2 Marketing

Characteristics of the customers and target groups of the hotel business

The Company has the ratio of foreign customers to the domestic customers of 80:20. As for the proportion of foreign customers, about 60 percent is the customers from Asia such as from China, Hong Kong, Taiwan, Japan and South Korea. The customers from China form the largest part of the customers

group while another 10 percentage is the customers from ASIAN countries and Oceania such as Malaysia, Singapore, Australia and New Zealand and the remaining 10 percent will be customers from Europe and the United States of America

With its Luxury Boutique Hotel service being provided by RarinJinda Wellness Spa Resort which is equivalent to a 5-star hotel comprising luxury rooms complete with various amenities and conveniences, the target customers group therefore for the business will be those with high income, e.g high level staff of the company, the owners of SME businesses including the owners of large-sized business to be in agreement with the price of the guest rooms ranging from 6,500 Baht to 27,000 Baht per month.

Distribution and Distribution Channel of the Hotel Business

The distribution and the distribution channel for customers group of RarinJinda Wellness Spa Resort can be divided as follows:

- 1) Distribution via the room booking system through the Internet
- 2) Distribution via the distribution agents
- 3) Distribution via the Sales and Marketing Department.

Competition Strategy of the Hotel Business

Price Strategy

For the pricing of guest rooms of SWR, as the Group of Companies is positioning its business as a 5-star Luxury Boutique Hotel by focusing on the customers group having a health awareness lifestyle with the introduction of spa service including Healthy Food for health as well as the service and the privacy of the 5-star hotel standard; the Company therefore opts for the Price Skimming strategy as to create an image of being a luxury 5-star boutique hotel and apply the strategy of price adjustment predicated upon the tourist season and Occupancy Rate with the price for walk-in customers at 6,500 – 27,000 Bhat per night, depending on the size of the room and interior decoration.

The Strategy to Make the Difference in Terms of Quality and Products

SWR is characterized by creating the difference in terms of quality and products from the hotel on the same premises as to provide complete services to foreign and Thai tourists on the premises of the hotel. This is a strategy that enables the provision of full-cycle services on the premises of SWR.

1. Emphasizing service to be provided to lovers of good health and hygiene.
2. Having the place centrally located in the middle of Chiangmai town; it is convenient, close to the Night Bazaar Market and is only a 15-minute drive to the Airport. Moreover, beauty is emphasized with a private balcony overlooking the swimming pool in the common area, Doi Suthep hlil range and the scenic view of Ping river.
3. Emphasizing decoration with semi-modern style mixed with Thai style incorporating the antiquity or integration of modernism with original Thai style.
4. There is availability of 5-star on the premises of the hotel; it is the most perfect spa of Chiang Mai complete with the latest technology of spa and amenities of high standard, that is, RarinJinda Wellness Spa offering diverse spa services and multi-format therapies by medical specialists and nurses providing consultancy and advice.
5. Providing service of health food by Deck 1 restaurant which offers the Healthy Food cuisine for health.



2.2.3 Procurement of Products or Services

For the purpose of running hotel business and restaurant of SWR, SWR enters into a sub-lease of parcel of land for a 30-year lease to operate the hotel business and Deck 1 restaurant. Here are the details of importance:

SUB-LEASE OF LAND AGREEMENT

Contract party :	Siam Wellness Group Co., Ltd. (Sub-lessor) (Currently it changed its name to Siam Wellness Group Plc). RarinJinda Co., Ltd. (Lessee) (currently it changed its name to Siam Wellness Resort Co., Ltd.)
Date of the Contract :	1 January 2013
The Objective of the Sub-lease :	To operate the hotel and restaurant businesses.
Ownership of the Building :	Both parties agree that the building of the hotel and the restaurant building which were constructed on the land as of the date of entry into this Agreement is the ownership of the sub-lessee without the rental being charged on the said buildings from the sub-lessee throughout the period of the sub-lease; but for the land lease, the rental will be charged.
Sub-lease of the property :	Specifically for the land size of 0-3-96 rai on which the building of the hotel RarinJinda Wellness Spa Resort and Deck 1 Restaurant is situated and the right to utilize some space on Baan Ruan Thai. Incidentally, for the building which the Sub-lessee has renovated, constructed or made any addition to the leased property, the Sub-Lessee agrees to become the property of the Sub-Lessor upon the expiry of the lease.
Period of Lease :	The overall period of the sub-lease is 30 years with effect from 1 January 2013 to 31 December 2042. Incidentally, if, upon the expiration of the sub-lease, the Sub-lessee wishes to renew the sub-lease, the Sub-lessee must give a written notice of the intention to renew the sub-lease agreement to the Sub-Lessor for information for not less than 3 years prior to the expiry of the Sublease Agreement. If the Sub-lessor wishes to permit the Sub-lessee to continue the sub-lease, both parties agree to allow the various terms and conditions under the new Sub-Lease Agreement to be identical to the terms and conditions of this Agreement in every respect except Clause 3 of the Agreement re: Period of Sub-lease and Clause 4 re: The sub-lease rental payment, in respect of which there will be further mutual agreement in writing.
Sub-lease Rental :	The rental payment will be made on a monthly basis subject to rental adjustment to be made by the Sub-Lessor according to the market situation, but not exceeding 15 percent of the sub-lease rental effective for every 3 years.
Termination of the Agreement :	The lease agreement will be terminated in the following cases: 1) Upon the expiration of the sub-lease and there is no exercise of the right to renew the sub-lease according to the terms and conditions of this Agreement. 2) Upon the parties mutually agreeing voluntarily to terminate this Agreement. 3) When the land is expropriated or the leased property are damaged to the extent that they are rendered useless according to the objective of the lease under this Agreement

As for D Bistro, SWR has made a rental contract with SPA as details below:

Branch	Opening Date	Area (Sq.m)	Lease Period	Start date and Expiry Date of Lease	Remarks
Thapae	2015	560	3 years	1 Oct 15 – 30 Sep 18	Lease is renewable for one renewals of 3 years each.

2.2.4 Situation of the Industry and Competition

Situation of the industry

In 2017, the economy of Thailand was expected to expand at the rate of 3.4 percent, an increase from previous period which has a growth of 3.1%. Tourism will be the key driver for the Thai economy. According to the Department of Tourism, Ministry of Tourism and Sports, Thailand has received a total of 35.38 million tourists in 2017, a growth of 8.77% from 2016's 32.58 million tourist, with the total economic value of 2.7 trillion bahts from local and foreign tourism revenue.

Overview of the Competition

Based on the data shown above, it can be seen that although the number of tourists is on the increasing trend, in particular, among the groups of foreign tourists, but the number of places of accommodations and hotels are continuously growing at the higher rate is spurring high competition for the hotel business in Chiang Mai. For survival of the business, therefore, the operators must readjust the operation plan or various strategies as to maintain the level of profitability of the business. The format of competition which has become increasingly more intense is the price cut of the guest room, the competition in the aspect of the service quality, the granting of privileges for using other services of the hotel, etc.

As for the part of accommodations in Chiang Mai province which are characterized by providing the service of resort and spa type, according to the tourism data from the Tourism Authority of Thailand, it was stated that there is a total of 139 spa and resorts of 2-5-star quality level and if the emphasis is placed on the accommodations of the same quality level as RARINJINDA WELLNESS SPA RESORT, the number stood at 15 while the accommodations characterized by providing the service of boutique resort of 2-5 star quality, the number stood at 19.

Currently, the increase in the number of boutique hotels undoubtedly has spurred high competition in the market. However, in terms of the characteristics of the operation of the boutique hotel which emphasizes the format of being a small-sized luxury hotel, the importance is attached to the prominence of the architecture, the provision of service with close attention from the staff and the presentation of the story through the architecture, the provision of service of the boutique hotel must be able to respond to the lifestyle of the potential guests so that it serves as a place to reflect the personality and the format of living of the potential guests. Therefore most of the boutique hotels do not place emphasis on the price competition; but the emphasis is mainly placed on the quality, the standard and the provision of service. Each hotel has different sales pitch depending on the lifestyle of each customer.

2.3 SPA PRODUCTS DISTRIBUTION BUSINESS

The operation of the spa products distribution business is managed by the Company and the subsidiary, that is, Siam Wellness Lab Co., Ltd.: SWL. The details are as follows:

2.3.1 The Characteristics of the Products or Services

The operation of SWL is characterized by the procurement of the spa-related products and the



consumer products such snacks for distribution to the Company and customers, both of Thai and foreign customers. The distribution of the products is made under the the “Blooming” brand and the purchase is made selectively from among the products of the Group of Companies from the producers expert in the manufacture of the spa products for home use and in the spa shop under the “Blooming” brand. Most of the products are all of natural products. The goods of SWL can be divided into 3 groups as follows:

1. Spa product for body care

- Massage Oil for Professional Use
- Massage Oil for Home Use
- Essential Oil
- Shower Gel
- Natural Soap
- Body Lotion
- Aloe Vera Soothing Gel
- Body Scrub
- Foot Scrub
- Hand Cream

2. Other spa products

- Herbal Ball
- Incense
- Aromatic Scented Candle
- Ceramic Oil Burner
- Diffuser Kit
- Cooling Oil
- Yellow Oil
- Herbal Balm
- Electric Diffuser Kit

3. Products for consumption

- Cookies
- Snacks
- Herbal Drink

Tiger Eyes Trading (Thailand) Co., Ltd. (“TGT”)

It was founded on 18th August 1994 to operate a business of importing and distributing facial, body, slimming, wax, nail products as well as spa equipment such as electric blankets, massage bed sheets, facial and slimming devices from France, UK, USA and Canada. The Company distributes to Hair Salons, Beauty Clinics, Hospitals and Spas throughout Thailand. It also acts act Sole Agents for many brands in Thailand and CLMV. Key customers including Hotel Spa and Day Spas in 3-6 stars.

2.3.2 Market and Competition Condition

Characteristics of the customers and customers target group of the Spa Products Business

Most of the Company’s customers will be the customers who are visiting to use the Spa of Let’s Relax and RarinJinda Wellness Spa and from the 5-star hotels which distribute the products of the Company, while the remaining number of customers is at the minimum, orders will come from business customers who order the products as a premium items for distributing to the customers and customers from abroad as a result of the goods exhibition booth by the Company.

Distribution and Distribution Outlets of the Spa Products

- 1) At the shop branches of Let's Relax and RarinJinda Wellness Spa, all kinds of products are on sale at every shop branch of Let's Relax and RarinJinda Wellness Spa to the customers who come to use the service and those who are interested in the products.
- 2) Direct sale through sale agents who are experienced in the business, who are reliable and accepted by the customers in the same business.
- 3) Products exhibition fair or tourism event, both in the country and abroad in which the Company participated including the distribution of the spa products via the online market. The customers can order for the goods and make the payment via the Website of the Company at www.siamwellnesslab.com
- 4) Sale booths in the 5-star hotels in which the products of the Company are distributed such as at Renaissance Hotel, in Bangkok and Samui Island, JW Marriot Hotel, Khao Lak Resort and Spa, etc.

Business Competition Strategy

The Company has the business operation strategy according to the details as follows:

• The Products strategy

The strategy of creating the difference in terms of quality and the products.

The Blooming products are natural products and the raw materials of high quality are selected which are devoid of any hazardous substances. The raw materials are used as an ingredient of the products to derive perfect product ready to sooth the mind and body. The products are rich in the values of Thai herbs and therapeutic scent from the pure essential oil in diverse forms which are agreeably blended between the sciences of the East and the West.

• Marketing Strategy

For the marketing strategy of SWL , the SWL focuses on the marketing of the distribution to groups of consumers who are interested in health care and want to directly consume the products of SWL directly. These are groups of customers who consume the products of good quality, wanting to use the products made from natural raw materials. As they attach lesser importance to the price, SWL is therefore able to make direct sale of the products according to the demand of the groups of the consumers of SWL, thus spurring the increase in sales of the products.

2.3.3 Procurement of the Products or Services

The spa products of Siam Wellness Lab Co., Ltd. are such as massage oil, essential oil, body scrub products and body massage pack as well as harbal products such as harbal balls. Orders for domestic products are possible. The formula will be defined by the Company based on its know-how, knowledge, experience in the spa business. Thereafter, several firms are engaged to make to products according to the formula required by the Company. Currently, most of the spa products are produced by the producers who are experienced in the spa products with export profile.

2.3.4 Industry Situation and Competition

Industry situation

*Currently, the global demand for herbs is high and there is a trend towards the increase, in particular, the Thai herbs of cosmetic groups are valued as high as 180,000 million Baht, while the herbs for the food supplement groups are valued as consumption and export at 80,000 million baht. As for the herbs of the spa products group and the products has the value of consumption and export at approximately



10,000 million Baht. The herbs of the ancient medicine formula groups according to the local wisdom of Thai traditional medicine are of value totaling 10,000 Baht, etc.

(*Data available from the Department of Agriculture)

2.4 THAI MASSAGE SCHOOL BUSINESS

The operation of Thai massage school business is run by Siam Wellness Education Co., Ltd. Presently, the teaching course is open for therapist staff to support the spa business of the Company only. There is no teaching course open for outsiders.

2.4.1 The Characteristics of the Products or Services

The service provided by SWE is the Thai massage teaching service in the name of “Blooming Thai Massage School” . It was opened for operation in 2011 and it was certified by the Ministry of Education to provide training on massage and spa service to therapist staff to accommodate the expansion of the Company’s business. The training courses are divided according to the category of trainees as follows:

- 60-hour and 180-hour Thai massage training course
- Course on general basic knowledge and precautionary measures for providing massage service to customer.

The course to be open will comprise Thai massage course mentioned above. Trainees who have completed the said course will be presented with the Certificate from BLOOMING THAI MASSAGE SCHOOL; the Certificate is the testimonial for employment both domestically and abroad. Currently, SWE will train the personnel wishing to work for the Company for at least one year upwards only. No course is open to the outsiders.

In addition to Thai massage course, the therapist staff and trainer of SPA will teach additional techniques for new employees to ensure the performance of diverse services as foot reflexology massage, essential oil massage, hot stone therapy massage , body scrub, body massage pack, learning the spa treatment and hydrotherapy and integrated Thai massage with new technology in the spa business, etc.

Tiger Eyes Education Co., Ltd. (“TGE”)

It was founded on 24th May 2007 to operate a business of Spa and Beauty School recognized by the Ministry of Education in the name of “Tiger Eyes Academy Beauty and Spa”. It offers 7 courses for therapists 1) Facial Skin Treatment 2) Body Scrubs 3) Body Massage Therapy 4) Body Wraps 5) Waxing Treatment 6) Hand & Feet Paraffin Treatment, 7) Traditional Thai Relaxing and Therapeutic Ritual.

3 Risk Factors

In the course of running the business of the Company, various risks and uncertainties were encountered which may have impact on its earning, profit, assets, liquidity and the par value of the share of the Company. Besides the risks of material importance to be further mentioned, there may be other uncertainties unknown to the Company or cannot be specified at this moment. Therefore, the stakeholders should also take into account other risk factors which may befall the Company over and above the risk factors appeared in this Document.

Risk from the Fluctuation of Tourism Industry

For the operation of the spa and hotel businesses of the Company and of the subsidiary companies, there are major groups of foreign tourists in whom there are some factors impacting the confidence in travel for tourism which the Company cannot control such as terrorism, epidemic of the disease, natural disaster, civil commotions within the country and global economic recession, etc. The said impact has had comprehensive effect not only in Thailand alone, but is spread to tourism industry in other countries.

The Company has a policy of managing the said risk by way of spreading the business along principal tourist attractions of the country to reduce risk in the event of any particular tourist attraction is facing the problem and has introduced a business plan as to increase the proportion of domestic customers in order to reduce risk of relying on any particular group of the customers.

Risk from the Fluctuation of Tourism Industry

Siam Wellness Group Plc. operates the health spa business. Moreover, the Company has also had subsidiary company, that is, Siam Wellness Resort Co., Ltd., operating the hotel and restaurant businesses in Chiangmai with many competitors. The Company laid down its strategy to create the difference versus its competitors in terms of premises, service, raw materials, products and technology by focusing on continuing development of innovation as to create the experience for the customers with impression in using the service unique to each brand of the Company.

Competition in Spa Business

Currently, the spa business is fraught with high competition from the downstream to the upstream markets emphasizing the price competition which may impact the earning and profit of the Company. However, the Company is positioning its service to compete with the upstream market, but with the pricing that is more worthwhile than its competitors, which are 5-star hotels. The setting up of the place of service exactly at the point to the target market with the convenience of travel, that is, in the proximity of the mass transit system or tourist attractions. Moreover, the Company has had the time booking for service and payment system directly via the Internet. The system enables the Company to plan the personnel administration very effectively. The Company is convinced that with the said strategy, the Company would gain a competitive advantage against its competitors in the spa business.

Competition in the Hotel Business

The Company has its subsidiary, that is, Siam Wellness Resort Co., Ltd. operating the hotel and restaurant businesses in Chiangmai province in which there are numerous competitors. Currently, the tourism industry has increased in competition with more opening of hotels by various operators in Chiangmai resulting in price competition, which may impact on the earning and profit of the Company. However, the



Company is convinced that with its strategy emphasizing the provision of specific service in the line of the spa and wellness business with a limited number of rooms and avoidance of price competition coupled with a marketing plan and efficient management of cost will enable Siam Wellness Resort Co., Ltd. to compete with its competitors. The salient point of RarinJinda Wellness Spa Resort is its determination to allow the customers to be in touch with the culture and tradition of Chiangmai integrated with leading therapeutic spa technology and unique quality of service and various amenities.

Risk Due to Renewal of Lease Agreement

Lease with the Outsider

Mostly, the Company would use the method of leasing the space to operate its spa business if the said lease agreement is not renewed, the Company may risk losing its income from the Company's branches.

However, the Company would enter into an agreement before the commencement of the Lease Agreement to enable it to renew the Lease Agreement for at least about 9 years to 12 years (3 years lease to renew for another 3 years then another 3 years and/or to renew for 3 years) to reduce risk of investment in the leased branch. Moreover, the lease of the business premises instead of investment to buy the business premise as the Company's own property, it would provide the flexibility for the Company to run its business with the ability to manage the cost for expansion or reduction of service premises as to maximize the returns for the stakeholders. Incidentally, the Company would have good relationship with every lessor by being a good lessee to maintain the leased premises to good order and proper compliance with the terms and conditions of the lease agreement in every respect. Thus, the Company is able to secure the renewal of the lease with the Lessor consistently. If the Company is unable to secure the renewal of the lease agreement for any particular branch, the Company will be able to procure a location to set up a new branch in place of the said unrenewed leased branch.

Lease Agreement with Affiliated Person

For the lease entered into with an affiliated person in the case of the opening of the spa branch and the office of the Company, the Company enters into a lease agreement in the same fashion as the lease with the outsider subject to the terms and conditions of renewal of the lease for about 6 to 9 years (3 years lease to be renewed for 3 years and/or to renew for 3 years). For the land in Chiangmai, the Company has leased it from the affiliated person for use to launch the RarinJinda Wellness Spa, Chiangmai Branch and to allow Siam Wellness Resort Co., Ltd. to sublease the land to operate the hotel and restaurant in Chiangmai. The land will be leased from the affiliated person for 30 years with the terms that the lease is renewable. In this case, a notice will be given to the party to the agreement for acknowledgement and to agree in advance prior to the expiration of the agreement. This is deemed to be a long-term obligation and helps reduce risk against the uncertainty. But, however, upon expiration of the lease agreement, the renewal of the said lease agreement is not possible, the Company will then find necessary to acquire a new parcel of land to continue the business. For this purpose, the Company has entered into a lease agreement with the affiliated person according to said terms and time frame at the fair market rate. The fair price will be assessed by an independent evaluator to assess the proper lease price before it is proposed to the Board for examination and prior approval. Incidentally, the Company had established RarinJinda Wellness Spa Resort as a prototype for operating the Health Resort Hotel. If successful as anticipated and with the availability of sufficient accommodating market, the Company may consider expanding this business into the market and in a suitable time frame. The lease of the said premises enables the Company to reduce investment risk in immovable property and to maximize the efficient management of investment capital. However, nearing the expiration of the lease agreement, the Company would assess the feasibility of the renewal of the lease agreement by taking into account the maximum returns of the stakeholders.

Risk from Dependence on the Executives

The Company operates the business under the management of two founders and executives of the Group of Companies, that is, Mr. Wiboon Utsahajit and Mr. Prasert Jiravanstit, who play an important role in the management of the Company to the extent of being famous and recognized in the industry and enabling the Company to enjoy good operating profit continually. If in the absence of the said executives, it may impact the management of the Company. However, the Company has decentralized the power of operation, the scope of duty and accountability to the executives of various lines according to the ability and experience as to reduce risk from dependence on the said executives. The plan for listing in the mai securities exchange will enable the company to improve the operational system in accordance with the international style continually.

Risk from Lawsuit from the Customers Using the Service

As the Company operates the Health Spa business, in the course of providing service to the customers by the therapist staff, if they are careless in providing massage service to customer that may cause physical harm to the customer, to prevent the risk of being sued by the customer, the Company therefore takes out the Professional Liability Insurance to cover the expense of being sued to the tune of not exceeding 5,000,000 Baht during the validity of the Insurance Policy. Incidentally, the Company will be liable for the first deductible of not exceeding 200,000 Baht per incident. Moreover, the Company has initiated the briefing to exercise utmost care in providing service to the customer. Since the inception of its business, the Company not yet been sued in the said case at all.

Risk due to Shortage of Therapist Staff

As the Company operates the health spa business which is a business requiring a lot of therapists. The shortage of the said labor may impact the Company's business of material importance. Therefore the Company has arranged for the availability of proper management system of the said personnel by allocating the therapist personnel to be suitable for the number of customers and provision of the staff welfare benefit to the said therapist personnel. This is made possible through providing insurance to cover the minimum wage for the personnel who are working at the newly opened branch of the Company; the provision of personnel living quarters and taking out a life assurance policy for the therapist personnel, etc., as to reassure them and to restore their confidence in the Company so that they will be working with the Company for a long time. Moreover, the Company is opening the massage training school under the subsidiary company as to develop the personnel in accordance with the standard of the Company and to accommodate the expansion of the business and to substitute for those personnel who resigned. This is to ensure that the Company would not have the therapist personnel shortage problem in the future.



Section 2

Good Corporate Governance

4 Securities and Shareholder Information

4.1 Registered Capital and Paid up Capital

As of December 31, 2016, the Company has the registered capital of 142.5 million bahts and the paid up capital of 142.5 million bahts with the ordinary shares of 570 million shares with par value of 0.25 bahts

4.2 Shareholders

As of December 21, 2016, the Company has the following shareholders:

No.	Name	No. of Shares	%
1.	Utsahajit Group		
	Mr. Wiboon Utsahajit	63,140,000	11.08
	Mrs. Pranee Suphawatanakiat	54,720,000	9.60
	Mrs. Thanit Amorntirasan	53,656,900	9.41
	Mr. Narun Wiwattanakrai	20,240,000	3.55
	Mr. Napat Wiwattanakrai	18,240,000	3.20
	Mr. Narut Wiwattanakrai	16,238,300	2.85
	Mr. Chanodom Utsahajit	8,190,000	1.44
	Ms. Tanatchaporn Utsahajit	8,185,000	1.44
	Ms. Chalisa Utsahajit	8,185,000	1.44
	Ms. Wiwat Utsahajit	2,900,000	0.51
	Total	253,695,200	44.52
2.	Jiravanstit Group		
	Mr. Prasert Jiravanstit	63,140,000	11.08
	Ms. Pornpit Jiravanstit	18,626,100	3.27
	Mrs. Praorn Jiravanstit	18,000,000	3.16
	Total	99,766,100	15.51
3	State Street Europe Limited	13,075,801	2.29
4	Bualuang 4 Basics Long-Term Equity Fund	12,296,400	2.16
5	Bualuang B-Seniors Fund	9,383,400	1.65
6	Mr. Kachen Benchakul	8,518,100	1.49
7	Bualuang 4 Basics Life Fund	6,104,400	1.07
8	Bualuang 4 Basics Fund	6,094,900	1.07
9	Mr. Amornwat Thirakritporn	5,550,000	0.97
10	Thai NVDR Co.,Ltd	5,116,400	0.90
11	State Street Bank and Trust Company	5,052,717	0.89
12	Tisco Mid-Small Cap Equity Fund	5,011,700	0.88
13	Bualuang Small-Mid Cap Life Fund	3,896,800	0.684
14	Mr. Songphon Sumsiripong	3,493,100	0.61
15	Mr. Sathit Wittayakorn by Denali Prestige Securities Co.,Ltd	3,474,900	0.61



16	Mr. Wasan Anurakwongsri	3,000,000	0.53
17	Ms. Nalineee Thongthae	3,000,000	0.53
18	Mr. Pisit Durongkapittaya	2,971,000	0.52
19	Ms. Suttinun Asavasopon	2,900,000	0.51
	Total	98,939,618	15.34
20	Other Shareholders	452,400,918	79.37
	Total	570,000,000	100

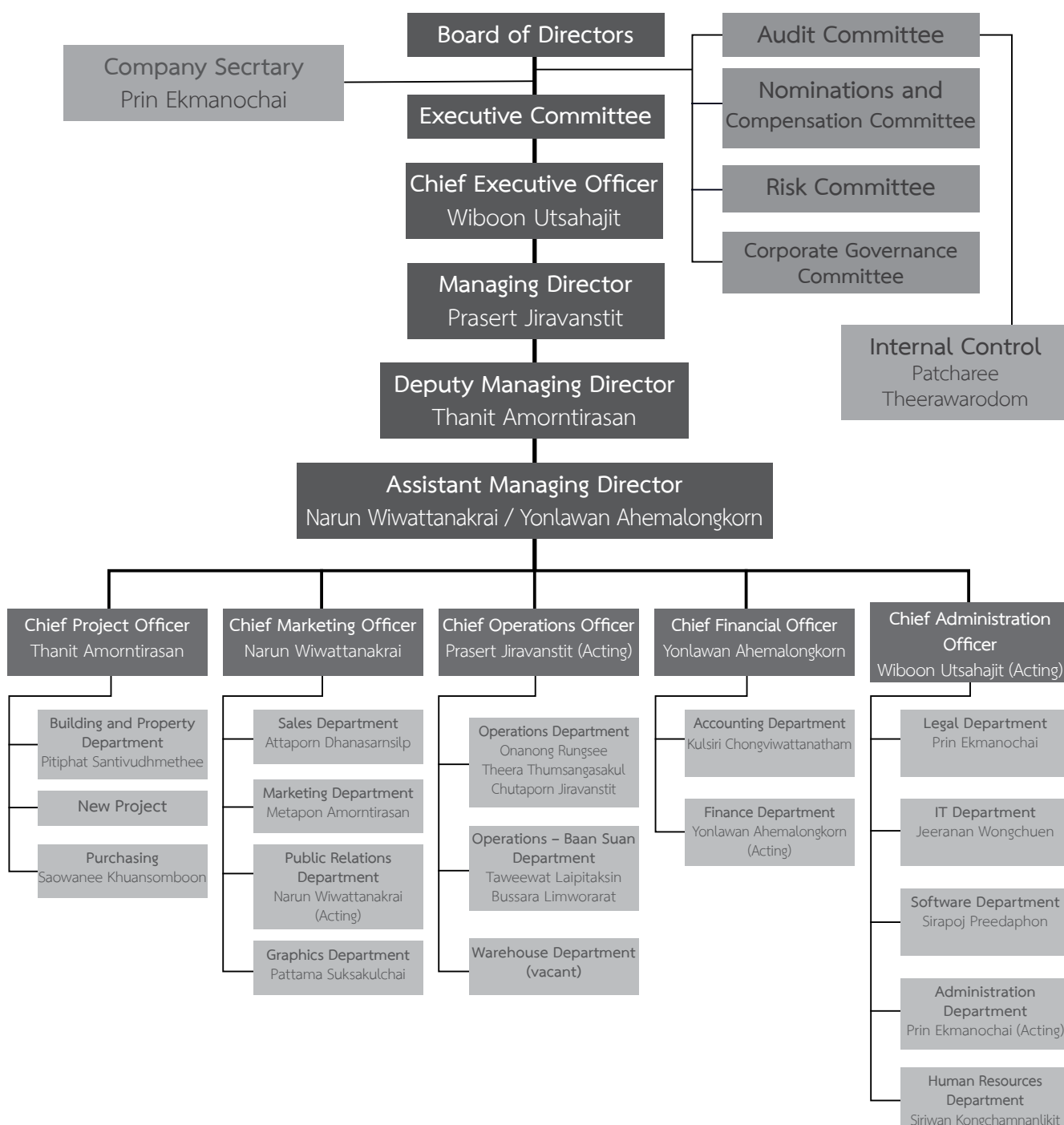
4.3 Dividend Policy

The Company's dividend policy is to pay out at least 40 percent of its net profit, after deducting income tax and legal reserve. Each year's payout depends on the Company's investment plan, necessity, and future considerations. Upon approval by the Board of Directors, the annual dividend payout shall be presented to the shareholders' meeting for approval. However, for an interim dividend, the Board has the authority to pay the dividend and report the payout at the next shareholders' meeting. Changes can be made through shareholders' meeting with approval from Board of Directors.

5 Organizational Structure

5.1 Organizational Structure

As of December 31, 2017, The Company's Organization is as followed:





5.2 Board of Directors

As of December 31, 2017, The Company's Board of Directors composed of 9 Directors as followed:

	Name	Position
1	Mrs. Pranee Suphawatanakiat	Chairwoman
2	Mr. Wiboon Utsahajit	Director / Chairman of Executive Committee / Chief Executive Officer
3	Mr. Prasert Jiravanstit	Director / Member of Nominations and Compensations Committee / Member of Executive Committee / Managing Director
4	Mrs. Thanit Amorntirasan	Director / Member of Corporate Governance Committee / Member of Executive Committee / Deputy Managing Director
5	Mr. Narun Wiwattanakrai	Director / Member of Risk Committee / Member of Executive Committee / Assistant Managing Director
6	Mr. Polchet Likittanasombat	Director / Chairman of the Audit Committee (Audit Committee with Accounting Knowledge) / Member of Corporate Governance Committee / Independent Director
7	Mr. Chaiyut Thienvuthichai	Director / Member of the Audit Committee / Chairman of Nominations and Compensations Committee / Member of Corporate Governance Committee / Independent Director
8	MR. Pensiri Chakrabandhu	Director / Member of the Audit Committee / Member of Nominations and Compensations Committee / Chairwoman of Corporate Governance Committee Independent Director
9	Mrs. Supee Pongpanichs	Director / Chairman of Risk Committee / Member of Corporate Governance Committee / Independent Director

Authorized Persons

Mr. Wiboon Utsahajit or Mr. Prasert Jiravanstit or Mrs. Thanit Amorntirasan, two out of the three directors sign together accompanied by the Company seal.

Board of Directors' Meeting Attendance as of December 31, 2017

No.	Name	2017
		Meetings Attended / Total Meetings
1	Mrs. Pranee Suphawatanakiat	9/10
2	Mr. Wiboon Utsahajit	10/10
3	Mr. Prasert Jiravanstit	10/10
4	Mrs. Thanit Amorntirasan	10/10
5	Mr. Narun Wiwattanakrai	9/10
6	Mr. Polchet Likittanasombat	10/10
7	Mr. Chaiyut Thienvuthichai	10/10
8	MR. Pensiri Chakrabandhu	10/10
9	Mrs. Supee Pongpanich	10/10

5.3 Audit Committee

Audit Committee composed of 3 Directors as followed:

Name	Position
1. Mr. Polchet Likittanasombat	Chairman of the Audit Committee (Audit Committee with Accounting Knowledge)
2. Mr. Chaiyut Thienvuthichai	Member of the Audit Committee
3. MR. Pensiri Chakrabandhu	Member of the Audit Committee

Audit Committee's Meeting Attendance as of December 31, 2017

Name	2017
	Meetings Attended / Total Meetings
1. Mr. Polchet Likittanasombat	4/4
2. Mr. Chaiyut Thienvuthichai	4/4
3. MR. Pensiri Chakrabandhu	4/4

5.4 Risk Committee

Risk Committee composed of 3 Directors as followed:

Name	Position
1. Mrs. Supee Pongpanich	Chairman of the Risk Committee
2. Mr. Narun Wiwattanakrai	Member of the Risk Committee
3. Mr. Prin Ekmanochai	Member of the Risk Committee

Risk Committee's Meeting Attendance as of December 31, 2017

Name	2017
	Meetings Attended / Total Meetings
1. Mrs. Supee Pongpanich	4/4
2. Mr. Narun Wiwattanakrai	4/4
3. Mr. Prin Ekmanochai	4/4

5.5 Nominations and Compensations Committee

Nominations and Compensations Committee composed of 3 Directors as followed:

Name	Position
1. Mr. Chaiyut Thienvuthichai	Chairman of the Nominations and Compensations Committee
2. MR. Pensiri Chakrabandhu	Member of the Nominations and Compensations Committee
3. Mr. Prasert Jiravanstit	Member of the Nominations and Compensations Committee



Nominations and Compensations Committee Attendance as of December 31, 2017

Name	2017
	Meetings Attended / Total Meetings
1. Mr. Chaiyut Thienvuthichai	2/2
2. MR. Pensiri Chakrabandhu	2/2
3. Mr. Prasert Jiravanstit	2/2

5.6 Corporate Governance Committee

Corporate Governance Committee composed of 4 Directors as followed:

Name	Position
1. MR. Pensiri Chakrabandhu	Chairman of the Corporate Governance Committee
2. Mr. Polchet Likittanasombat	Member of the Corporate Governance Committee
3. Mrs. Supee Pongpanich	Member of the Corporate Governance Committee
4. Mrs. Thanit Amorntirasan	Member of the Corporate Governance Committee

Corporate Governance Committee was appointed on 16 December 2017, thus there was no Corporate Governance Committee Meeting in 2017

5.7 Executive Committee

As of December 31, 2017, The Company's Executive Committee composed of 5 Directors as followed:

Name	Position
1. Mr. Wiboon Utsahajit	President of Executive Committee / Chief Executive Officer
2. Mr. Prasert Jiravanstit	Member of Executive Committee / Managing Director
3. Mrs. Thanit Amorntirasan	Member of Executive Committee / Deputy Managing Director
4. Mr. Narun Wiwattanakrai	Member of Executive Committee / Assistant Managing Director
5. Mr. Juckpat Jiravanstit	Member of Executive Committee

Executive Committee's Meeting Attendance as of December 31, 2017

Name	2017
	Meetings Attended / Total Meetings
1. Mr. Wiboon Utsahajit	13/13
2. Mr. Prasert Jiravanstit	13/13
3. Mrs. Thanit Amorntirasan	13/13
4. Mr. Narun Wiwattanakrai	13/13
5. Mr. Juckpat Jiravanstit	12/13

5.8 Management Team

As of December 31, 2017 The Company's Management Team composed of 5 Members as followed:

Name	Position
1. Mr. Wiboon Utsahajit	Chief Executive Officer
2. Mr. Prasert Jiravanstit	Managing Director
3. Mrs. Thanit Amorntirasan	Deputy Managing Director
4. Mr. Narun Wiwattanakrai	Assistant Managing Director
5. Ms. Yonlawan Eiamalongkorn	Assistant Managing Director (Chief Financial Officer)

5.9 Company Secretary

On November 11, 2016 at the BOD 7/2016, the Board of Directors approved the appointment of Mr. Prin Ekmanochai, Legal Director, as Company Secretary to comply with the Securities and Stock Exchange Act B.E. 2535 with responsibilities as followed:

8.9.1. Documenting and Recording important documents

8.9.1.1 Director's Record.

8.9.1.2 Invitation Letter for Board of Director's Meeting, Minutes of Board of Director's Meeting and Annual Report.

8.9.1.3 Invitation Letter for Shareholder's Meeting and Minutes of Shareholder's Meeting.

8.9.2. Keep in record all documents that may have conflict of interest with directors or management and send to Chairman or Chairman of Audit Committee within 7 days after receive of such report.

8.9.3. Administering other matters according to Securities Commission announcement.

5.10 Director's and Management Remuneration

5.10.1 Monetary Remuneration

Director's Remuneration

On February 27, 2017 at the BOD 1/2016, the Board of Directors approved the remuneration for Directors and the Other Committees and was approved at the Company's AGM 2017 on 31st March 2017 as followed:

(Bahts)

Position	Monthly Allowance	Meeting Allowance	Annual Bonus
Chairman of Board of Directors	22,000	12,000	350,000
Director	11,000	12,000	250,000
Chairman of Audit Committee	22,000	12,000	350,000
Member of Audit Committee	16,500	12,000	250,000
Chairman of Risk Committee	-	8,000	-



Position	Monthly Allowance	Meeting Allowance	Annual Bonus
Member of Risk Committee	-	6,000	-
Chairman of Nominations and Compensations Committee	-	8,000	-
Member of Nominations and Compensations Committee	-	6,000	-

Remark :

- If Director has appointed to more than 1 position, the Director will receive the highest rate of monthly allowance only
- Directors that are Management will not receive monthly allowance
- If Director has appointed to more than 1 position, the Director will receive the highest rate of annual bonus only
- Audit Committee will receive the monthly allowance as Audit Committee only and will not receive the monthly allowance as Director

In 2017, Company has paid total monthly allowance and meeting allowance to Director Audit Committee Risks Committee and of Nominations and Compensations Committee as followed:

Director's Remuneration as of December 31, 2017

Name	Position	2017					
		Monthly Allowance AC (THB)	Monthly Allowance BOD (THB)	Meeting Allowance AC (THB)	Meeting Allowance BOD (THB)	Meeting Allowance Risk (THB)	Meeting Allowance Nominations (THB)
1. Mrs. Pranee Suphawatanakiat	Chairwoman		264,000		108,000		
2. Mr. Wiboon Utsahajit	Director / Chairman of Executive Committee / Chief Executive Officer	-	-		120,000	-	-
3. Mr. Prasert Jiravanstit	Director / Member of Nominations and Compensations Committee / Member of Executive Committee / Managing Director	-	-	-	120,000	-	12,000
4. Mrs. Thanit Amorntrisan	Director / Member of Executive Committee / Deputy Managing Director	-	-	-	120,000	-	-

Name	Position	2017					
		Monthly Allowance AC (THB)	Monthly Allowance BOD (THB)	Meeting Allowance AC (THB)	Meeting Allowance BOD (THB)	Meeting Allowance Risk (THB)	Meeting Allowance Nominations (THB)
5. Mr. Narun Wiwattanakrai	Director / Member of Risk Committee / Member of Executive Committee / Assistant Managing Director	.	-	-	108,000	24,000	-
6. Mr. Polchet Likittanasombat	Director / Chairman of the Audit Committee (Audit Committee with Accounting Knowledge) / Independent Director	264,000	-	46,000	120,000	-	-
7. Mr. Chaiyut Thienvuthichai	Director / Member of the Audit Committee / Chairman of Nominations and Compensations Committee / Independent Director	198,000	-	46,000	120,000	-	16,000
8. MR. Pensiri Chakrabandhu	Director / Member of the Audit Committee / Member of Nominations and Compensations Committee / Independent Director	198,000	90,000	46,000	120,000	-	12,000
9. Mrs. Supee Pongpanich	Director / Chairman of Risk Committee / Committee / Independent Director	-	80,000	-	120,000	32,000	-
Total		660,000	396,000	138,000	1,056,000	56,000	40,000



Management Remuneration

As of December 31, 2017, Company has total of 5 members in the Management. The Company paid total of 16,226,666.86 bahts as salary and annual bonus.

5.10.2 Other Remuneration

In 2017, Company has paid total of 331,200 bahts as provident fund, social securities and health insurance (excludes salary and annual bonus)

Personnels

As of December 31, 2017, The total of staff (excludes Management) are as followed

SPA

No.	Department	As of Dec 31, 2017
		Total Staff
1	Accounting	22
2	Finance	3
3	Human Resource	5
4	Admin and Housekeeping	7
5	Legal	3
6	IT and Software	4
7	Purchasing and Store	11
8	Building Services	9
9	Sales and Marketing	13
10	Operations (Head Office)	8
11	Operations (Branch)	306
Total		391

SWR

No.	Department	As of Dec 31, 2017
		Total Staff
1	Accounting	5
2	Purchasing, Admin, Store	2
3	Human Resources	1
4	Marketing	2
5	IT	1
6	Operations	13
7	Front Office and Bellboy	20
8	Kitchen	15

No.	Department	As of Dec 31, 2017
		Total Staff
9	Housekeeping	5
10	Engineering	20
11	Food & Beverage & Kitchen (Deck1)	20
12	Food & Beverage & Kitchen (D Bistro)	17
Total		102

SWL

No.	Department	As of Dec 31, 2017
		Total Staff
1	Management	2
2	Product	1
3	Admin and Store	5
Total		8

SWE

No.	Department	As of Dec 31, 2016
		Total Staff
1	Management	1
2	Trainers	3
Total		4

As of December 31, 2017, Company has total of 271 staffs (excludes Management). In 2016, total monthly remuneration for staff (excludes Management) such as salary, commission, bonus, provident fund, Social securities and OT is 94,368,011.33 bahts

On June 1, 2013, the Company set up AIA Masterpool Provident Fund with objectives of creating motivations for staff and to encourage to work with Company in a long term.

Labour Objections in the past 3 years

- None -

Human Development Policy

Company has human development policy in which the training is conducted through Department Managers, then Department Managers will be the one who trained to their sub-ordinates.

- English Language Training 2 times per year
- Administration Process (Stock, Sales) Training 1 times per year
- POS Training 2 times per year
- Service Manners Training Continuously throughout the year
- Annual Spa Manager Meetings were conducted at Head Office of Siam Wellness Group Public Company Limited



6 Business Administration

6.1 Policies on Business Administration

Having realized that good corporate affairs can lead to enhancement of the operation and powerful and sustainable growth of the Company which will benefit all parties concerned, namely employees, investors, shareholders and other stakeholders, the Board of Directors have therefore adopted policies to better corporate governance. Such policies cover the structure, the roles and responsibilities of director and the principles of transparent management of the organization that can be audited that can be used as guidelines for management of the organization to ensure fairness and carefully consideration of the best interests of shareholders and all interested parties under the rules of SET's Good Corporate Governance and Corporate Governance Code for listed companies 2017 under 5 Sections which cover:

Section 1	The Rights of Shareholders
Section 2	Equitable Treatment
Section 3	Stakeholders
Section 4	Transparency
Section 5	Responsibilities

In 2017, The Company has actively utilized the Good Corporate Governance to support the Operations of the Company. On 16th December 2017 the Corporate Governance Committee was appointed by the Board of Directors at the Board of Directors' Meeting No. 10 to allow the operations of the Company to be smooth, efficient and complies with the Code of Governance.

Section 1: The Rights of Shareholders

Having recognized the shareholders' right to receive correct and complete information on the Company within good time on an equitable treatment basis and to make decisions on major changes that affect the Company, the following policies have been adopted:

1. We will sent an invitation to attend a meeting with the items on the agenda and views of the Board of Directors thereon to shareholders at least 7 or 14 days before the meeting of shareholders, whichever the case may be. Any shareholder who cannot personally attend the meeting can appoint an independent director or any person as a proxy to attend the meeting for and on his behalf, using the proxy appointment form attached to the invitation to attend the meeting.
2. We will hold the meeting at the most suitable venue and time to ensure that the shareholders find it convenient to travel. There will be enough time for the meeting to deal with all the items on the agenda. A map will also be provided.
3. Before commencing the meeting, the shareholders will be informed of their rights to vote, express views and raise any questions at the meeting in respect of the items on the agenda. During meeting, the shareholders will be given equal rights and opportunities to express their views within the time well allocated by the Board Chairman. The directors and executives concerned will also attend the meeting to answer such questions.
4. We will use our website as another communication channel. The news and information will be published on our website. Shareholders can download the invitation to meeting with the items on the agenda well in advance before the day of the meeting so that they will have plenty of time to examine the Company's documents. Shareholders can even raise any questions online before the day of the meeting. Our website contains information on how to download meeting invitation and raise questions online.

5. To ensure accuracy and speediness, vote counting and decision may be done on line.

6. An independent person will be appointed to count and examine the votes at the meeting of shareholders, reveal the outcome to the meeting and record it in the minutes of the meeting.

7. The minutes of the meeting will be correctly and completely taken to cover all the important questions and views raised at the meeting for perusal by the shareholders. After being listed on SET, the meeting will be video recorded for future reference. The minutes of meetings will be published on our website for shareholders' consideration. Such minutes of meeting will be submitted to SET within 14 days of the meeting.

8. The decision made by the meeting of shareholders will be published on our website on the next working day.

9. Shareholders will have their dividends transferred into their bank accounts (if any dividend is paid). This method of payment will eliminate the problems of checks being damaged, lost or sent to payees in delay.

10. Shareholders will have equal voting rights: one share per one vote.

11. Shareholders have the right to be informed of the results of operations of the Company. In particular, the results of operations for the year. We will prepare the documents which clearly and completely explain the operations for fiscal year which cover the activities related to the operations of the company.

12. Shareholders will be entitled to consider and approve the financial statements of the Company. We will prepare financial statements that are accurate and reliable and cover all the essential facts and figures according to the generally accepted accounting standards and have been audited by an independent and well-known auditor who also expresses his views thereon.

13. Shareholders will be entitled to consider and approve the Company's dividend payment. We will present detailed calculation of dividends which clearly cover all the essential facts for the consideration of the shareholders, e.g. dividend payment policy, comparison of dividend paid in the previous year. Good explanation will be given for non-dividend payment. The dividend payment proposed to shareholders will be reviewed carefully for thoughtful consideration and approval by the Board of Directors before presentation to the Meeting of Shareholders for consideration and approval.

14. Shareholders have the right to determine and appoint each director. We will provide the clear and correct records and details of the persons nominated for directors such as work records and the number of years in office (if a retiring director is nominated), type of director required, rules and procedures for recruitment, shares in the company, the positions in other companies, both related and unrelated to the business of the Company, etc. and definition of independent directors. In the case of independent directors, the person nominated for shareholders to approve the appointment shall be reviewed carefully for approval by the Board before proposal to the Meeting of Shareholders for approval.

15. Shareholders are entitled to consider and approve the remuneration of Directors. We will provide clear and comprehensive details of remuneration of directors is required for consideration by shareholders, such as policy on payment of remuneration, payment based on position, duties, responsibilities and comparison with previous year's payments for careful consideration by the Remuneration Committee and approval by the Board prior to submission to the Meeting of Shareholders for approval.

16. Shareholders shall have the right to consider and appoint the auditor and approve the audit fees. We will prepare complete and correct details for consideration by shareholders, such as name of auditor, the office that he comes under, his independence, the number of years he works for the Company, his audit fees with complete breakdown and other service charges (if any) and comparison with the audit fees of the previous year for careful consideration by shareholders and review by the Audit Committee based on past performance of the auditor before proposal to the Meeting of Shareholders for approval.

17. In the interest of the shareholders and the Company, the shareholders shall be entitled to consider and approve the significant related transactions and the same shall also be considered and approved by the Audit Committee comprising independent members.



18. We will provide the correct and complete information on capital increase which cover all essential details such as objectives, necessity, methods, conditions, effects on the Company and shareholders for consideration and approval of the Board before proposal to the Meeting of Shareholders for approval.

Section 2: Equitable Treatment

It is our policy to ensure that all shareholders will have equal rights to conduct examination and express their views, as follows:

1. Minor shareholders will be allowed to nominate persons for directorship or propose the items on the agenda to be deal with by the Meeting of Shareholders.
2. The rules on the nomination of person for directorship and proposal of the items on the agenda by minor shareholders will be clearly set forth.
3. The Meeting of Shareholders will only deal with the items on the agenda without changing any important details or adding any items on the agenda without notice, unless otherwise approved by the Meeting in compliance with the law.
4. The shareholder who cannot attend the meeting by himself may nominate an independent director or appoint a person as a proxy who will attend and vote at the meeting on his behalf. The name of such proxy shall be indicated in the meeting invitation.
5. All shareholders, whether they are major or minor shareholders of any nationalities will be treated equally.
6. To ensure transparency and traceability and avoid conflict, voting on any matter shall be done by ballot and each shareholder will be allowed to nominate the persons for directorship.
7. There shall be written guidelines on maintenance and protection of data for compliance by all people in the Company. All directors and executives are required to report the securities in their holding to the Board of Directors.
8. The director or executive who has vested interest or conflict of interest in any transaction under consideration shall disclose such vested interest or conflict of interest to ensure that the Board of Directors can equitably consider such transaction for the benefit of the Company. Such vested interest or conflict of interest shall be recorded in the minutes of the meeting.
9. The Board of Directors shall recognize the rights of shareholders and the Company shall treat all shareholders fairly and equally, whether they are executive or non-executives and irrespective of the number of shares they hold and their nationalities. It is our policy to treat shareholders equally and protect their basic rights. Therefore, all shareholders shall have equal rights to buy or sell shares, get fair share in the Company's profit, receive sufficient information on the operations, attend the meeting to vote for appointment or removal of director, appointment of auditor and the matters affecting the Company such as dividend payment, revision of memorandum or articles of association, capital increase or decrease and approval of special transactions.
10. All shareholders shall have equal rights to vote: each share is eligible to one vote.
11. Company will release Company News to shareholders on regular basis via SET portal and Company Website
12. Shareholders shall be allowed to propose the items on the agenda or nominate the person for directorship to be included in the items on the agenda at least 1 month before the day of the annual meeting of shareholders as set forth by the Company.
13. We will sent to meeting invitation along with the documents on the items on the agenda and the views of the Board of Directors on all the items on the agenda, to all shareholders at least 7 days before the day of the meeting, unless otherwise set forth by SET or SEC. Such meeting invitation and related documents which are the same as the ones to be sent to the shareholders shall also be published on our website at least one month before the day of the meeting so that the shareholders will have enough time to examine all the details and can make the right decisions.

14. The rules and procedures for meeting attendance, questions, answers, voting and decision making shall be clearly set forth in the meeting invitation. Shareholders will be allowed to raise any questions before the day of the meeting. Shareholders can register for the meeting at least one hour before the time of the meeting and continue to do so until the meeting concludes.

15. We shall not prejudice the shareholders' rights to examine the information which must be disclosed or attend the meeting. We shall not suddenly distribute additional documents for the meeting, change the items on the agenda or amend essential data without notifying the shareholders, nor shall we put restrictions on late attendance of any shareholders.

16. All shareholders are encouraged to attend and vote at the Meeting of Shareholders. All the proper procedures are set forth in the meeting invitation. At the meeting for director appointment, each shareholder may vote for any person. At any meeting, shareholders will be allowed to raise any questions or express any views. The directors concerned will answer all such questions to the satisfaction of the shareholders.

17. The shareholder who cannot personally attend the meeting may appoint an independent director as proxy to attend and vote at the meeting for and on his behalf. For this purpose, Proxy Form A and B shall be used. Form B can be used to grant the proxy the right to vote at the meeting for and on behalf of the shareholder. Both forms can be downloaded from the Company's website.

18. Minutes of meeting shall be taken clearly, correctly and completely for examination by shareholders. After submission to SET, such minutes of meeting will be published on our website.

Section 3: Roles of Stakeholders

We recognize the rights of all stakeholders, whether they are internal ones such as shareholders and employees or external ones such as customers, trading partners, creditors, competitors, government agencies, organizations and nearby communities. The reasons are they support us and help us to become more competitive and make more profit which is worthwhile in the long run. We treat all stakeholders as required by law or as agreed with them. Therefore, we have adopted the following policies:

Treatment of and responsibilities for shareholders

Having realized that shareholders are the owners of the business and the Company, we create added value in the long run for them by setting the following guidelines for our employees, directors and executives:

1. To perform duties on a bona fide basis and make decisions carefully and fairly in the interest of all shareholders.
2. To oversee the operations to ensure that the Company has stable financial status and good performance; to present correct and complete reports on the Company's standing, returns on operations, financial status, accounting and others on a regular basis.
3. Present to all shareholders the reports on the Company's future aspects, whether positive or negative, which are reliable and have sufficient proofs.
4. Not to seek interest for oneself other from the information not disclosed by the Company to the public, nor to perform any acts which may cause conflict of interest with the organization.
5. To treat all shareholders equally at the Meeting of Shareholders.

Practices and responsibilities in respect of government sector

We operate our business in compliance with the laws, rules and regulations on government agencies. In particular, we avoid the acts that influence government employees to act improperly. In stead, we try to build good relations whenever possible, e.g. talking in public places, greeting at certain time of season within the following guidelines:





1. To follow proper procedures at the time of making contact with government agencies or their employees.
2. To become aware that the laws, rules and regulations on government agencies may vary and require strict compliance.

Practices and Responsibilities in Respect of Employees

We realize that all employees are our most valuable assets that will help us attain our objectives. To ensure fairness in opportunity, remuneration, transfer and enhancement of potential, we shall adopt the following practices:

1. To respect employees' rights and honor.
2. To maintain workplace in good conditions – safe for them and their properties.
3. To appoint, transfer, reward and punish employees on a bona fide basis, taking into account their knowledge, abilities and suitability.
4. To attach importance to employees' constant knowledge and skill acquisition: offer training, hold seminars for all employees.
5. To offer fair remuneration based on the market condition, competition, job description, the employee's ability and performance.
6. Not to perform any unfair acts which affect the career of the employee.
7. To allow employees to air their grievances about working conditions and suggest solutions for the benefit of all parties and create good relations at work.
8. To strictly observe all the laws and regulations on employment.

Practices and Responsibilities in Respect of Customers

We provide the service of health massage. We intend to create, present and manage our products and services for our customers with the following the standards, ethics and practices:

1. To strive to provide service with politeness, earnestness, readiness, sincerity, good intention and attention as if the customers are close relative, taking into account safety and satisfaction of customers.
2. To inform customers of you service methods to ensure maximum efficiency and satisfaction.
3. To provide correct and complete information on our products and services so that customers can make the right decisions. Not to over advertise, exaggerate or cause misunderstanding about the quality, quantity, terms or conditions of the products or services.
4. Provide communication channels for customers to make complaints about our products or services so that we can find solutions and improve our products and services.
5. Treat our customers' information as confidential; not to disclose it or use it for personal gain.

Practices and Responsibilities in Respect of Trading Partners and the other Parties to the Agreements

Trading partners and other parties to the agreements help us to achieve success in our operations. We therefore treat them equally to ensure join interests as follows:

1. To supply products and provide services according to the following principles:
 - To allow fair competition.
 - To adopt criteria for assessment and recruitment of trading partners and parties to the agreements.
 - To draw up suitable agreements which are fair to all parties.
 - To have a management and follow-up system to ensure full compliance with the agreement and avoid fraud and dishonesty in procurement process.
 - To pay trading partners and parties to the agreements within the deadline according to the terms of payment.

2. We intend to maintain and improve relations with trading partners and parties to the agreements whose objectives are clear in respect of product quality and worthwhile services on a bona fide basis.
3. All of our employees and executives are forbidden from receiving direct or indirect interests from trading partners or parties to the agreements.
4. Not to use the information obtained from purchase or supply for personal gain or for the benefit of any other persons.

Practices and Responsibilities in Respect of Creditors

We uphold principles and discipline in our operations to earn trust from creditors. We adopt the following practices:

1. Not to dishonestly demand, accept or offer any benefits in dealing with creditors.
2. If any dishonest demand, acceptance or offer of any benefits is known, the information must be disclosed to the creditors, and joint efforts should be made to resolve the issues.
3. To strictly observe all the terms and conditions of the contracts or agreements.
4. If it is not possible to observe the terms and conditions of the contracts or agreement, the Company will inform its creditors of the facts so that the parties will try to find solutions.

Practices and Responsibilities in Respect of Competitors

We want to achieve long term sustainable success and become a leading company in fair and ethical competition in the industries. We have adopted the following practices:

1. To compete under good rules.
2. Not to obtain competitors' secret information by dishonest or improper means for our own benefit.
3. Not to commit libel against competitors.
4. Not to infringe the intellectual properties of competitors or any persons.

Practices and Responsibilities in Respect of Society

We attach importance to surrounding communities and society, thinking that we are a part of them and intend to achieve sustainable development of the society and surroundings. We constantly hold social and community activities while operating the business while being responsible for the society and communities, as follows:

1. To operate business, taking into account the environment and in strict compliance with the laws and regulations on the environment.
2. To clearly adopt the CSR policies and uphold such policies.
3. To ensure that our employees become aware of their responsibilities towards the environment and society.
4. To respect the customs, traditions and cultures of the areas where we operate our business.
5. To constantly engage in the activities for creation of society, communities and the environment for the betterment of life quality in cooperation with government agencies, private organizations and communities.
6. To take part in activities in nearby communities.
7. To quickly and efficiently respond to the events that affect the community surrounding, lives and properties in connection with our operations. To fully cooperate with the government officials and the agencies concerned.



Practices and Responsibilities in Respect of Anticorruption

We have adopted the following anticorruption policies:

1. Our employees shall not demand or accept any interests or property in exchange for performance or omission of any acts which may cause the Company to lose interest.
2. Our employees shall not use their own capacity to offer any interest or property to third parties to influence them to perform or omit any acts.

Interested parties will be allowed to make inquiries, make complaints or report any illegal acts, incorrectness of financial statements, impaired internal control or unethical acts on the website of the Company, independent director or audit committee. Such complaints shall be treated as confidential. The independent directors or audit committee will issue order to examine the reports and try to find solutions (if any), and submit a report to the Board of Directors.

Section 4: Disclosure of Information and Transparency

The Company recognizes the importance of disclosure of accurate and complete information in a timely and transparent manner. We will also report financial and other information according to the regulations of SET and SEC on the disclosure of data and information. We will adopt the following practices:

1. Board of Directors will in a timely fashion disclose complete and accurate financial information and other information related to the Company's business, performance and potentials.
2. The Board of Directors will strive to ensure compliance with relevant laws and regulations regarding the release and disclosure of information on a transparent basis. To provide the information both in Thai and English language on the website of the company and other channels such as mass media and communication channel of SET and SEC to the shareholders and the persons concerned. Such information will be updated in line with the guidelines set forth by SET and SEC.
3. To employ Investor Relations in order to communicate with investors, shareholders, institutional investors and minority shareholders or government agencies in an equal and fair manner. We will arrange a meeting to analyze the results of operations on a regular basis. And to publish the information, both financial and other information, in Thai and English, to our shareholders, securities analysts, credit rating and other government agencies involved through various channels such as report to SEC, SEC and publication on our website so that shareholders will receive up-to-date information. The information such as our visions, missions, balance sheet, newsletters, annual report, structure of the Company and executives, structure of shareholding and major shareholders.
4. We attach importance to financial reports which truly and completely reflect our financial status and performance according to the generally recognized accounting standards which have been audited by independent auditor.
5. The Company will disclose information about individual directors, the roles and functions of the Board of Directors and Committees in our annual report (Form 56-2) and annual information (Form 56-1), number of meetings, attendance of directors in the previous year, remuneration of directors and high level executives.
6. To publish on our website the essential information both in Thailand and English such as our visions, missions, nature of business, balance sheet, performance on Form 56-1, annual report, shareholding structure, invitation to meeting of shareholders, articles of association, memorandum of association, policies, charter and ethics of the Board of Directors, Audit Committee and all employees.

Section 5: Responsibilities of the Board of Directors

The Board of Director shall be responsible to the shareholders for the Company's operations, compliance with the laws, objectives, articles of associations, resolutions of Meeting of Shareholders, as follows:

Responsibilities of the Board of Directors – Structure and Committees

Board of Directors

Directors on the Board

1. The Board of Directors comprises the directors who have knowledge, ability and experience in business operation; adopt policies, visions, missions and strategies; set goals; make business plans and allocate budgets and oversee the Executive Committee; administer in accordance with the policies set forth to ensure efficiency and effectiveness within the framework of the laws, objectives, articles of association, resolutions of the Board Meeting and Shareholders Meeting with responsibility, honesty and care according to good practices to add economic value to the business and highest security to our shareholders.

2. The Board of Directors acts as the leader of the Company in setting and reviewing the Company's Vision, Mission and Objectives in Company's Operations as well as allowing sufficient information and opinion sharing the Board of Directors

3. The Board of Directors Consist of at least 9 people; the number of independent directors shall be at least 1 in 3 of all the directors. The independent directors shall have the qualifications as set forth in the notifications of SET and SEC. All members of the Board of Directors shall has residences in Thailand.

Without being under the influence of any persons, each director can act independently and use his discretion in determining decisions; can raise questions, express his views or raise objection against any issues that may affect the interests of shareholders or interested persons.

Responsibilities of the Board of Directors – Roles, Duties and Responsibilities

1. In accordance with good corporate governance, in addition to operation in accordance with the laws, objectives, articles of association and resolutions of the Meeting of Shareholders, the Board of Directors shall also set forth their roles and responsibilities, the details as shown in terms of scope of authority and responsibility of the Board of Directors.

2. Monitor and assess the Management's Operational Plans by setting regular Management's Operational Plans Presentation as well as any important matters in the Monthly Board of Director's Meeting

3. Each member of the Board of Directors shall not hold Directorship in other listed Companies in the Stock Exchange in more than 3 companies to allow full commitment

4. Manage the Companies with creative value with Long-term Perspective, Ethical and Responsible Business, Good Corporate Citizen and adapts to the fast-changing world that may affect the Operations of the Business

Responsibilities of the Board of Directors – Board Meeting

Regulations on Board Meeting:

1. Board Meeting will be held at least once every three months. A Special Meeting can be held as necessary. A call for a meeting shall be made at least 7 days in advance. At each meeting, a quorum is formed only when at least half of the directors attend.

2. The items on the agenda should be fixed. The Board Chairman and the Managing Director shall jointly choose the items on the agenda. The Secretary shall ensure that all the directors shall have all the documents before the meeting so that they can carefully examine them, express their views and know how to vote.



3. The Board of Directors should receive sufficient information on a continuous and timely basis. They may freely contact the Secretary. The Secretary is responsible to provide guidance to the Board of Directors on the matters related to compliance with the laws and regulations.

4. The Board Chairman shall allocate sufficient time for the management to present documents and information for discussion by the Board of Directors the important issues. Each director will have the opportunity to express his views before the ruling by the meeting.

5. The Board of Directors shall allow non-executive directors to meet and discuss the management issues without the management being present. The outcome of the meeting shall be reported to the CEO.

6. The Board of Directors shall encourage the CEO and the Managing Director to invite high level executives to attend the Board Meeting to offer additional information as the persons directly deal with the matters. This will be the opportunity to get to know the high level executives and consider the plan for work assignment.

7. The director who has vested interest in the transaction being voted shall not be entitled to vote and he must be outside the meeting at the time of voting.

8. The minutes should be taken for every meeting, and such minutes shall be endorsed by the Board of Directors and kept for future examination.

Responsibilities of the Board of Directors – Orientation

For incoming Directors, Company shall provide the Company Information and Site visits to help them familiarize with the Business and shall provide Guidelines on Director's Roles, Rules and Regulations, Corporate Governance's Rules and other information that deemed useful to be efficient Director.

Responsibilities of the Board of Directors – Self Assessment and Director's Assessment

After turning public and being listed on SET, the Board of Directors shall conduct a self assessment every year to find ways of improving efficiency of their work in the next year.

Responsibilities of the Board of Directors – Nomination of Director

Nominated Director(s) shall have knowledge, ability and experience in business operation, credible Work Experience, good leadership skill with wide Vision as well as good ethics. Moreover, Directors shall have sufficient time to attend the meetings. The mix of Directors should be diverse to reflect the diversity of ideas. Director's specialties shall be ranked in table and Replaced or New Director(s) shall be chosen to meet the Company's Criteria. The use of Institute of Directors (IOD)'s Director's List is recommended to illustrate clarity and confidence amongst shareholders.

Responsibilities of the Board of Directors – Remuneration of Director

The Company shall offer suitable remuneration to the directors and executives with regard to the Company's performance in consistent with the industries and appropriate to the duties and responsibilities of directors executives. Such remuneration shall be clearly and transparently fixed and approved by the Meeting of Shareholder and it must be disclosed on the form provided by the SET and SEC. Sufficient Remuneration that reflect their duties and responsibilities shall be provided to retain talented Director(s).

Responsibilities of the Board of Directors – Development of the Board

The Board of Directors is dedicated to promoting and facilitating the training and education of directors involved in the corporate governance such as company's directors, Audit Committee, management, etc., to provide improved performance; and in the event of a change of directors or the appointment of new directors, the management will provide documentation and information beneficial to the performance of the new directors as well as provide advice. All directors shall undergo training programs held by the Thai

Institute of Directors, Certification Director Accreditation Program (DAP), and some are trained in the course Director Certification Program (DCP) from the same institution.

Trainings attended by Company's Directors and Secretary are:

- Company Secretary Program (CSP) by IOD – Company Secretary
- Company Reporting Program (CRP) by IOD – Company Secretary
- Board Reporting Program (BRP) by IOD – Company Secretary
- Business in Disruptive era by EY Audit Co., Ltd – Audit Committee
- Business Visit in People's Republic of China – BOD

Responsibilities of the Board of Directors – Internal Control and Compliance

1. The Board of Directors have adopted the internal control system covering all aspects such as finance and operation in compliance with the laws, rules and regulations. And provide a mechanism of checks and balances that are powerful enough to safeguard the assets of the company at all times. Set forth the authority and responsibilities of the management. And the employees shall conduct the check and balance. The work regulations shall be set forth in writing. There shall be an internal audit unit which is independent. This unit shall monitor the performance of all the units in accordance with the rules laid down, and evaluate the effectiveness and the adequacy of internal controls in the various departments in the company.

2. Appoint Compliance Division or Legal Department to oversees the Compliance Policy of Company. Ensure that it complies with the relevant laws and regulations in the country that the Company operates e.g. Spa Certificate by Ministry of Public Health, Rental Contracts. Notification System via e-mail has been implemented to notify relevant person or department

Responsibilities of the Board of Directors – Use of internal information

The Board of Directors recognize the importance of corporate governance, transparency and prevention of employees from seeking personal gain from the use the Company's information which has not been disclosed to the public. Guidelines on the use of such information appear in the internal information use policy.

Responsibilities of the Board of Directors – Annual Report

The Board of Directors is responsible for the preparation of financial reports, the information contained in the annual report. The financial report shall be prepared in accordance with the generally accepted accounting standards, choosing the accounting policies which are appropriate and consistent. Attention and careful judgment in the preparation of preparation are required. Essential information should be disclosed in the Notes to Financial Statements. The Board of Directors assign the Audit Committee to oversee the quality of the financial reports and express their views to the Board of Directors.

Remuneration of Directors and Executives

Remuneration of Directors

The Annual General Meeting of Shareholders No. 1/2014 held May 7, 2014 has clearly and transparently set the remuneration of directors. Such remuneration is in line with the industry and it is sufficient to attract and maintain the directors who have desirable qualifications and assume the duties and responsibilities commensurate with such payment.

Remuneration of Executives

Remuneration of the executive complies with the principles and policies set by the Board of Directors, which is based on the Company's operations and each executive's performance, taking into account the remuneration offered by companies of the same size in the same industry. The Nominations and Compensations Committee reviewed the remuneration of the Chief Executive Officer (CEO) and Managing Director (MD) using data of other company in the same industry and the Past Company's Performance.



Business Ethics and best practices in work

The Company has set forth the business ethics and practices in work which are notified to the directors, management and employees so that they comply with them in the performance of their duties to ensure honesty, ethics and integrity in order to attain the objectives.

Conflict of interest

The Board of Directors have set forth the policies on transactions among related persons in the best interests of the Company. The Company has set forth the procedures for consideration of such transaction to ensure transparency and avoid conflict of interest for the maximum benefit of the Company and all shareholders.

1. The Company shall considers if the transactions are related or not. If they are normal transactions, we will consider whether or not they are typical commercial terms and condition based on our price, terms and conditions offered to our customers in the market, and in the absence of market prices that can be applied. If the products or services are unique, the Company will have the Audit Committee, auditor or independent experts review and comment on the appropriateness of the price and value and good reasons for making such transactions.

2. If related transactions support normal business which have general commercial terms and the values cannot be determined from the assets or reference to the property or the transactions are for normal business support without typical commercial conditions, or they are rental charges or lease of property for not more than 3 years but not indicate typical commercial conditions or they are other types of transactions, the Company will determine the size of the transactions to see whether they are small, medium or large to be able to make decisions such as seeking approval from the Board of Directors or the Meeting of Shareholders.

3. The Company will present the related transactions of the Company or its affiliates to the Audit Committee for consideration. If they have to be approved by the Board of Directors or the Meeting of Shareholders, the Company shall submit the views of the Audit Committee to the Board of Directors or the Meeting of Shareholders for consideration.

4. The Company shall report on the agreement to make related transactions to SEC, giving all the details as set forth in the Notification of SEC, and shall disclose the related transactions in the annual report and financial statement, using the annual report form or other report form as set forth by SEC.

5. As for the related transactions that may be made in the future, the Board of Directors must comply with the laws of securities and exchange, SET's regulations, notifications, orders or regulations, and comply with the regulations on the disclosure of related transactions, acquisition or disposal of essential assets of the Company or affiliate according to the accounting standards set by the Association of Accountants and Auditors of Thailand.

6. In case where there are related transactions beyond typical commercial business between the persons who may have conflict of interest or joint interest now or hereafter, the Company shall have the Audit Committee express their views on the need and appropriateness of such transactions. If the Audit Committee do not have expertise in such related transactions, the Company may request an independent expert or auditor express his views on such related transactions to assist the Board of Directors or the Meeting of Shareholder, whichever the case may be, in decision making. The Company shall disclose the related transactions in the notes for the balance sheet which will be audited by the Company's auditor.

7. The person having interest in any transaction shall not be eligible to vote on the approval of such transaction.

8. Employees are prohibited to conduct business that has conflict of interest with Company. Company has provided the form via Human Resources Department to notify employees.

Internal Control and Audit

The Board of Directors and the Audit Committee and the management have tested the internal control system and are of the opinion that the such internal control system is adequate for the protection of the assets from being used improperly by executives. The powers of approval are set forth in the work regulations. The Company attaches importance to the internal control system that it hires experts on internal audit to do the work. It is also possible to follow up and assess the internal control. Essential documents are systematically stored to allow timely inspection by directors, auditor and legally authorized persons.

6.2 Committees

Board of Directors consists of 1. Board of Directors 2. Other Committees including Executive Committee, Audit Committee, Nominations and Compensations Committee, Risk Committee and Corporate Governance Committee. Their scope of powers, duties and responsibilities are set forth as follows:

6.2.1 Scope of Powers, Duties and Responsibilities of the Board of Directors

On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Board of Directors in the articles of association, as follows:

The Board of Directors shall have the following powers, duties and responsibilities:

1. To perform duties with good care, great responsibility and honesty in compliance with the laws, objectives set forth in the articles of association, resolutions of the Board Meeting and the Meeting of Shareholders.
2. To consider and approve the visions, missions, business strategies, orientations, policies, targets, guidelines, operation plan, capital management plan, risk management plan and the budgets of the company and its affiliates which are proposed by the Executive Committee and Management.
3. To monitor work of the Executive Committee, CEO, Managing Director, Management or any persons to ensure attainment of the objectives and compliance with the business plans and policies adopted by the Board of Directors.
4. To follow up the Company's operations to ensure compliance with the operation plan, capital management plan, risk management plan and the budgets of the Company and its affiliates.
5. To ensure that the Company and its affiliates adopt appropriate and efficient accounting procedures, internal control and audit.
6. To prepare balance sheet and profit and loss statement at the end of the fiscal year and certify them; to disclose in the financial statement the financial status and performance in the previous year; to prepare an annual report for presentation to the Ordinary Meeting of Shareholders for endorsement.
7. To consider and approve the recruitment and appointment of an auditor and appropriately fix his remuneration, taking into account the proposal of the Audit Committee, before presentation to the Ordinary Meeting of Shareholders for endorsement.
8. To adopt written policies on corporate governance and efficiently review them to ensure responsibilities of the Company for all the shareholders; to consider the policies and compliance therewith at least once a year.
9. To consider and approve the appointment of directors when existing directors vacate their office due to retirement or other reasons in compliance with the Public Company Limited Act of 1992 (and its revisions), Securities and Stock Exchange Act of 1992 (and its revisions), notifications, rules and/or regulations applicable thereto, taking into account the desirable and undesirable qualifications of such persons as set forth in such acts.
10. To form the Audit Committee, Executive Committee and other committees and subcommittees for the assistance and support of the Board of Directors, and fix their scope of powers and duties.



11. To consider, set forth and review the directors who are authorized to sign their names to bind the Company.

12. To consider and appoint the executives as defined by the SET, SEC, Capital Market Supervisory Board or the Company's secretary, and fix the remuneration thereof.

13. To seek at the Company's expense the professional opinions from any organizations to assist the Company's decision making.

14. To encourage the directors and executives to take the training courses of Thai Institute of Directors Association that are suitable for their duties and responsibilities.

15. To adopt the mechanism for monitoring the Company's affiliates for the protection of the Company's interest and investments, taking into account the qualities of the persons to take the office of director in the affiliates, to ensure management in compliance with the Company's policies and transactions in compliance with the securities laws, other laws and the regulations and notifications of SET and SEC. The powers, duties and responsibilities granted and assigned to the director shall not enable them or their attorneys to approve the transactions that they or the persons with conflict of interest (as defined by the SEC's Notifications or Capital Market Supervisory Board's Notifications) or the interested persons or the persons who may benefit from or have conflict of interest with the Company or its affiliates, unless otherwise such approval is granted on individual basis subject to the policies or the criteria adopted or set forth by the Meeting of Shareholders or the Board of Directors.

However, the following transactions require prior approval of the Meeting of Shareholders:

- (a) The matters legally require prior approval of the Meeting of Shareholders.
- (b) The transaction in the interest of the director which requires prior approval of the Meeting of Shareholders according to the laws or SEC's Regulations.

The director who has interest in or conflict with the transactions or the Company shall not be eligible to vote.

6.2.2 Scope of the Powers,Duties and Responsibilities of the Other Committees

6.2.2.1 Scope of Powers, Duties and Responsibilities of the Audit Committee

On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of setting forth the powers, duties and responsibilities of the Audit Committee, as follows:

1. To verify that the Company's financial reports are correct and complete.
2. To ensure that the Company has appropriate and efficient internal control and audit system and that the internal audit unit is truly independent; to consider and approve the appointment, transfer and disengagement of the Chief of the Internal Audit Unit or any other unit in charge of internal audit.
3. To ensure that the Company complies with the Securities and Stock Exchange Act, SET's Regulations and Capital Market Supervisory Board's Notifications and other laws applicable to the Company's business.
4. To consider, screen and nominate an independent person for the appointment as the Auditor and propose his remuneration; to hold a meeting with the Auditor without the management being present at least once a year.
5. To consider related or intercompany transactions or the transactions that may create conflict of interest in compliance the laws, Capital Market Advisory Board and SET's Regulations to ensure that such transactions are appropriate and are in the interest of the company.
6. To ensure that the Company has an appropriate and efficient risk management system.
7. To prepare a report signed by its Committee Chairman to be disclosed in the Company's annual report containing at least the following details:
 - 1) views on the correctness, completeness and reliability of the Company's financial report;
 - 2) views on the adequacy of the company's internal control system;

- 3) views on compliance with the Securities and Stock Exchange Act, SET's Regulations and the laws applicable to the Company's business;
 - 4) views on the suitability of the Auditor;
 - 5) views on the transactions which may create a conflict of interest;
 - 6) views on the management of risks;
 - 7) the number of meetings held by the Audit Committee and the record of attendance of each member;
 - 8) views or remarks on compliance with the Charter;
 - 9) other information that the shareholders and investors should know which can be disclosed within the scope of powers, duties and responsibilities granted and assigned by the Board of Directors.
8. Monitor the work of the Internal Audit Unit as follows:
- 1) To ensure that the scope of work, audit plan, budget and staff are adequate and sufficient for the support and assistance of the Audit Committee.
 - 2) To consider the appointment, transfer or disengagement of the Department Directors or Internal Auditor.
 - 3) To present report on the operation.
 - 4) To ensure the independence of the Internal Audit Unit or the Internal Auditor.
9. To constantly consider and review the criteria and method of inspection and ensure that it is suitable to the business environment.
10. To present report on its work to the Board of Directors at least 4 times a year.
11. To report to the Board of Directors any of the following acts that may significantly affect the Company's financial status and operation so that improvement can be made within the deadline set by the Audit Committee:
- 1) any transaction that may create a conflict of interest;
 - 2) fraud, irregularities or flaws in the internal control;
 - 3) violation of the Securities and Stock Exchange Act, Capital Market Supervisory Board, SET's Regulations or any laws applicable to the Company's business. If the Board of Directors or executives fails to make improvement within the deadline under the foregoing paragraph, any Audit Committee Member may report such incident to SEC or SET.
12. If the Auditor finds any circumstances that lead to suspicion that a director, manager or the person responsible for the operation of the Company perform any acts in violation of the Securities and Stock Exchange Act and reports such incident to the Audit Committee for investigation, the Audit Committee shall conduct investigation and inform SEC and the Auditor within 30 days of notification by the Auditor.
13. To ensure independence of the Auditor and consider receiving other non-audit services from such Auditor.
14. To act according to 1-13 in respect of the operations of the affiliates as assigned or requested by the affiliates within the scope of the Audit Committee.
15. To perform any other acts as directed by the Board of Directors subject to the approval of the Audit Committee.

The Audit Committee have the authority to invite director, officer or employee of the Company to attend a meeting to clarify or answer questions on matters relating duties and responsibilities of the Audit Committee; to consult the expert or consultant of the Company at (if any) or hire a consultant or an expert from time to time at the Company's expense; to request any employees to submit documents related to the company's operations for examination; to conduct investigation or examination in any matters to ensure successful performance of duties; to request one or many employees to perform any acts within the scope of powers of theirs; to perform and acts related to and in connection with the affiliates or as assigned or requested by the affiliates, within the scope other power and duties.



Mr. Polchet Likittanasombat is the director who has knowledge and experience in the audit of financial statements. He used to be the Managing Director of Magnet Management and Consultant Co., Ltd.

6.2.2.2 Scope of Power, Duties and Responsibilities of the Executive Committee

On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Board of Directors in the articles of association, as follows:

The Executive Committee shall have the following powers, duties and responsibilities:

1. To manage the operations of the Company in compliance with the objectives, articles of association, policies, rules, regulations, instructions or resolution of the Board Meeting or the Meeting of Shareholders; to review the matters before presentation to the Board of Director for approval.
2. To adopt visions, missions, business strategies, orientations, business policies, set targets, guidelines, make operation plan and personnel development plan and allocation of budgets for the Company and its affiliates, and present them to the Board of Directors for approval.
3. To efficiently examine, follow up and implement policies and guidelines on the management as assigned by the Board of Directors.
4. To consider and approve any normal transactions of the Company within the annual budget approved by the Board of Directors and in compliance with the Operation Manual provision on the powers to act as granted.
5. To submit to the Board of Directors the following reports:
 - 5.1 quarterly report on the Company's operation;
 - 5.2 auditor's reports on the Company's financial status: annual balance sheet and quarterly financial statement which should be submitted within the deadline set by SET.
 - 5.3 Other reports as it deems appropriate.
6. To conduct feasibility studies of various projects.
7. To set forth the criteria and allocate budgets for pay raise, rewards and other benefits; to set forth and revise the welfare and benefits of the employees.
8. To offer advice and suggestions to the Managing Director to assist his decision making.

Appointment of working teams or persons

1. To appoint working teams or persons who review the work for presentation to the Audit Committee; to perform any acts for the benefit of its own work; to perform any acts as assigned by itself within its own scope of powers and duties.
2. To have the power to appoint attorneys who will perform any acts for an on its behalf within the scope of powers granted in the Power of Attorney and/or as set forth in the rules, regulations or instructions issued by the Board of Directors, subject to the condition that the powers so granted to the attorneys shall not exceed the powers granted to itself; the powers so granted shall not enable the Audit Committee or its attorneys to make any transactions which may create a conflict of interest (as defined in the Notifications of Capital Market Supervisory Board or SEC) or enable them to reap benefits which may create a conflict of interest with the Company or its affiliates.

6.2.2.3 Scope of Power, Duties and Responsibilities of the Nominations and Compensations Committee

On 27 February 2017, the Board of Director's Meeting No. 1/2017 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Nominations and Compensations Committee in the articles of association, as follows:

The Nominations and Compensations Committee composed of minimum of 3 Directors with more than half being Independent Directors and at least 1 Director being the specialist or had work experience in Human Resources Management. Moreover, the Chairman of the Nominations and Compensations Committee shall be the Independent Director. The Nominations and Compensations Committee reviews and assesses the Remuneration Policies of Board of Directors and Top Management and submit to Board of Directors for approval, whom will approve the remuneration of the Top Management. Remuneration of Directors shall be approved by shareholders at the Company's Annual General Meeting.

6.2.2.4 Scope of Power, Duties and Responsibilities of the Risk Committee

On 27 February 2017, the Board of Director's Meeting No. 1/2017 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Risk Committee in the articles of association, as follows:

The Risk Committee sets the Risk Management Policy. The Risk Committee shall consult with the Risk Working Group on regular basis. Reports from the Risk Committee shall be presented and reported to the Board of Directors. Minimum of 4 Risk Committee Meeting shall be arranged and Summaries and Attendance should be stated in the Annual Report

6.2.2.5 Scope of Power, Duties and Responsibilities of the Corporate Governance Committee

On 16 December 2017, the Board of Director's Meeting No. 10/2017 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Corporate Governance Committee in the articles of association, as follows:

The Corporate Governance Committee sets the Company's Corporate Governance Policy to ensure that the Company's Operations are efficient, transparent, audible and reflect all stakeholder's interests. The Corporate Governance Policy should be stated according to SET's Corporate Governance Guideline.

6.2.3 Scope of Powers, Duties and Responsibilities of Managing Director

On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Managing Director, as follows:

The Managing Director shall have the following powers, duties and responsibilities:

1. To manage and control the Company's day to day operations.
2. To act as assigned by the Board of Directors and/or the Executive Committee; to appoint attorneys to perform any acts for and on his behalf without creating a conflict of interest.
3. To issue orders, regulations, notifications and memorandums for operation in compliance with the Company's policies, in the Company's interest and for enforcement of discipline within the organization.
4. To perform the acts or and on behalf of the Company in favor of third parties related to Company's business and in the Company's interest.
5. To consider and review investments for proposal to the Board of Directors and/or Executive Committee.
6. To consider and appoint consultants necessary to the Company's operations for proposal to the Board of Directors and/or Executive Committee.
7. To consider and revise working positions, salaries, bonuses and other benefits, employ or engage staff within the allocated budget, offer pay and promotion to employees, transfer employees, hire consultants, renew contracts, impose disciplinary actions or penalties against employees who have committed offenses, appoint Investigation Committee.



8. To perform other acts as assigned from time to time by the Board of Directors and/or Executive Committee; not to consider and approve the transactions which create a conflict of interest between a director and the Company or its affiliate, unless otherwise such transactions are approved in compliance with the policies or criteria approved by the Board Meeting or the Meeting of Shareholders in compliance with the laws.

6.3 Recruitment and Engagement of Directors and Executives

The directors and executives shall be recruited and engaged as follows:

Directors:

A director shall have knowledge of the Company's business or other knowledge that can be used in the Company's operations, and have reasonable experiences; a shareholder or a director may nominate a person for the office of director, as follows:

1. Each shareholder may cast one vote for each share he holds.
2. Each shareholder may vote for the appointment of one or may directors. In case of appointment of many directors, a shareholder may not cast unequal votes for candidates.

If an office of director is vacant for any reasons other than retirement, the Board of Directors may appoint a person without undesirable qualifications under the Public Company Limited Act as the new director at the next Board Meeting, unless otherwise the office term of director is shorter than 2 (two) months.

The newly appointed director shall remain in office only for the remaining term or the director so replaced.

The ruling vote of the directors must come from at least three quarters (3/4) of the remaining directors.

High Level Executives

High level executives such as CEO or Managing Director must be appointed by the Meeting of Shareholders, Board of Directors or the persons assigned by shareholders or Board of Director, taking into account the candidates' knowledge, abilities, skills and experiences that will benefit the Company's operations and their understanding of the Company's business and ability to manage work to attain the objectives and targets set by the Board of Directors.

Audit Directors/Independent Directors

The Board of Directors or the Meeting of Shareholders shall be empowered to form an Audit Committee comprising of at least 3 independent directors, each of which shall be in office for 3 years at a time. The audit director whose office term comes to an end may be reappointed for up to 3 times, unless otherwise the Board of Directors approve renewal of office term. An Audit Director must be and Independent Director with the following qualifications:

1. Hold shares not more than 1 % of the shares that are eligible to vote of the Company, parent company, affiliates and joint venture company, major shareholders or the persons having the powers to control the Company. The shares of the persons related to the independent director should also be counted.
2. Not being or having been a director who took part in the management, employee, worker, consultant receiving regular salary, the person who have the powers to control the Company, unless otherwise not having such status for at least 2 years before appointment. Such undesirable qualifications shall not include the independent director who has been a government employee or a consultant of a government agency who is a major shareholder or the person who has the powers to control the Company.

3. Not having relation by consanguinity or registration as father, mother, spouse, sibling, child or spouse of child of another director, executive, major shareholder, the person who has the power to control the Company or the person about to be nominated for director, executive or the person who has the power to control the Company or its affiliate.

4. Not having or having had business relationship with the company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the Company in the manner that may prevent him from using his discretion freely; not being or having been a significant shareholder or the person who has the power to control the person who has business relationship with the company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the company, unless otherwise having ended such status for at least 2 years before appointment. Business relationship shall include the ones under Capital Market Supervisory Board's Notification No. ThorJor. 28/25581: Application for and Approval of Offering Newly Issued Shares, the normal business transactions, leasing or renting real properties, transactions related to assets or services, offer or acceptance of financial assistance, offer or take out loan, guarantee, putting up assets as collaterals for loan or other similar circumstances which result in the company or the other party to the agreement is under obligation to pay payment to the other party at the rate of 3% of the net and tangible assets of the company or more or from 20 million baht, whichever is larger. The calculation of loan obligations shall take into account the related transactions set forth in the Capital Market Supervisory Board's Notification on Intercompany Transactions and the loan obligations arising during the period of one year before having business relationship with the same person.

5. Not being or having been an auditor of the Company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the Company; not being a significant shareholder, the person with control power, a partner of an accounting Company which provides an audit service to the Company, parent Company, affiliate, joint venture, major shareholder or the person who has the power to control the Company, unless otherwise such status has ceased for at least 2 years before appointment.

6. Not being or having been the provider of professional service such as legal counsel or financial consultant receiving more than two million baht per year from the Company, parent Company, affiliate, joint venture, major shareholder or the person who has the power to control the company, unless otherwise such status has ceased for at least 2 years before appointment.

7. Not being the director who is appointed to represent a director, major shareholder or the shareholder related to the major shareholder of the Company.

8. Not operating the business of the same type or in competition with the Company or its affiliate; not being a significant partner or director who manage work, employee or consultant with regular salary, nor hold more than 1 % of all the shares that are eligible to vote of another company which operate the same business and in competition with the Company or its affiliate.

9. Not having other qualities that prevent him from freely expressing views on the Company's operation.

10. Not being a director assigned by the Board of Directors to make decisions on the operations of the company, parent company, affiliate, joint venture, company in the same order, major shareholder or the person who has the power to control the company.

11. Not being a director of the parent company, affiliate or affiliate of the same order – only registered companies.



Audit Committee must also have the following qualifications:

1. Being appointed by the Board of Directors or the Meeting of Shareholders as an Audit Director.
 2. Being an independent director of the Company.
 3. Not being a director assigned by the Board of Directors to make decisions on the operations of the company, parent company, affiliate, joint venture, company in the same order, major shareholder or the person who has the power to control the Company.
 4. Not being a director of the parent company, affiliate or affiliate of the same order – only registered companies.
 5. Having the duties set forth in SET's Notification on Qualifications and Scope of Work of Audit Committee.
 6. Having sufficient knowledge and experience to work as an Audit Director. At least one Audit Director must have sufficient knowledge and experience to conduct audit of the company's balance sheet to verify its reliability.
 7. The Chairman of the Audit Committee must be appointed by the Meeting of Shareholders, Audit Committee or the Board of Directors.
 8. The Audit Committee Secretary shall be the Company Secretary, Director of Internal Audit Department, internal auditor or Director of Finance and Accounts Department.
- * In our Company, the Company secretary is the Secretary of the Audit Committee.

Office Term

An Audit Director shall be in office for 3 years. A retiring Audit Director may be reappointed up to 3 times, unless otherwise the Board of Directors approve renewal of office term.

Directors

The Board of Directors shall be made up of at least 9 directors, and at least one third of them should be independent directors. At least half of the directors must live in Thailand. Directors shall have knowledge, ability and experience in business operation; they shall adopt policies, visions and strategies, set targets and missions, make business plans, allocate budgets and monitor the management's performance to ensure compliance with the policies, the laws, objectives, articles of association, resolutions of the Board Meeting and solutions of the Meeting of Shareholders; work with care, responsibility and honesty according to good practices to maximize the economic value of the business and ensure security of shareholders. Each Director shall freely perform his duties and use his discretion in the making decisions on any matters; without being under the influence of any persons he may express views, raise questions or objections against any issues which may affect the interest of the shareholders or interested parties.

In the event that the Agenda has effect on the interest of shareholders, each director shall have independence in assessing each Agenda with opportunities to ask questions, express comment or disagree.

Office Term

At each annual Ordinary Meeting of Shareholders, one third of the directors shall vacate their office. If the number is not divisible by 3, the nearest number shall apply. In the first and second year after going public, the decision which directors shall vacate their office shall be made by a draw. Subsequently, the directors who have been in office for the longest period shall vacate their office. A retiring director may be reappointed by the Meeting of Shareholders. Apart from ending his office term, a Director shall vacate his office on any of the following grounds:

1. death
2. resignation
3. lacking qualifications or having undesirable qualifications under the law

4. being removed from office by resolution of the Meeting of Shareholders with at least three quarters of the votes of the shareholders present at the meeting and eligible to vote and representing at least half of the shares held by the shareholders at the meeting that are eligible to vote
5. being removed from office by the Court's order

Executives

The Board of Directors or the persons assigned by the Meeting of Shareholders shall appoint executives from the person who have knowledge, experience and expertise in relevant fields.

6.4 Monitoring and Operation of Affiliated and Associated Companies

It is our policy to invest in the business which benefit us to enhance our competitive edge, taking into account the values for such investments. WE shall monitor our affiliated and associated companies as follows:

1. To appoint our representatives as directors in an affiliated company or an associated Company; the number of our representatives shall be in proportion of the number of shares we hold—they are our directors or assigns.
2. The directors authorized to sign and legally bind the affiliated Company or associated Company shall include our representatives – our representatives shall always sign their names.
3. Our representatives shall be entitled to take part in the appointment of high level executives or the persons responsible for the finance and accounting of the affiliated Company or associated Company.
4. Any related transaction, acquisition or disposal of any major assets by an affiliated Company must comply with applicable laws. Such related transactions shall comply with the policies on related transactions.

6.5 Control of Access of Internal Information

It is our policy to monitor the access by directors and executives of the Company's information which has not been disclosed to the public to prevent them from using such information for personal gain which includes securities trading, as follows:

1. To inform the directors, executives and the persons managing the finance and accounts at the level of director, equivalent or higher that they have to submit reports on securities held by them, their spouses and non-sui juris children to SEC pursuant to Section 59 and the penalties for noncompliance under Section 275 of the Securities and Stock Exchange Act of 1992.
2. The Company requires that the directors, executives and the persons managing the finance and accounts at the level of director, equivalent or higher submit reports on securities held by them, their spouses and non-sui juris children to SEC and SEC within 30 days from the day of commencing their office term or within 3 (three) days of trading or transferring such securities.
3. The Company requires that the directors, executives and the persons managing the finance and accounts at the level of director, equivalent or higher and the persons in the position to receive essential information which may affect the securities prices must suspend securities trading until the Company discloses such information to the public. The Company shall request the directors, executives and the persons managing the finance and accounts at the level of director, equivalent or higher to suspend securities trading for at least 30 days prior to disclosure of such information to the public and at least 24 hours after disclosure of such information to the public – they shall not disclose such information to other persons either.

Penalties for disclosure of information for personal gain:

1. Verbal warning
2. Suspension from work without pay
3. Dismissal.

The penalties depend on the seriousness of the offenses.



6.6 Remuneration of Auditor

The Company and its subsidiaries paid 2,215,000 baht for audit fee to the Auditor

6.7 Good Corporate Governance

Risk Management Task Force

To ensure compliance with good corporate governance, business stability and attainment of targets, the management and staff should realized all types of risks and be prepared to manage or reduce them to acceptable level. On 11 November 2016, the Board Meeting No. 7/2016 resolved to setup Risks Committee

Duties of Risk Committee Task Force:

1. To determine the risks which the Company faces or is likely to face.
2. To determine the impact of such risks on the Company and the likelihood of such impact.
3. To adopt the measures for minimizing risks to acceptable level.
4. To compile manuals and make plans for minimization of risks.
5. To propose the measures/plans for risk management to the Executive Committee for approval.
6. To hold activities according to the risk management plan and notify or advise all sections and departments to comply with the measures for the management of risks.
7. To follow up the causes of risks and constantly implement the measures for the management of risks.
8. To determine all the risks and prepare the reports for the Board of Directors.
9. To report risks to the Board meeting every quarter.
10. To make continuous and effective communication of risks.

In 2017, the Risk Management Task Force held 4 meetings to assess strategic, compliance, financial, operational and assets risks which may arise and to try to prevent and manages such risks in a timely manner.

7.1 Overview

It is our policy to operate business of the company and its affiliates with responsibility for society, the environment and interested parties. Our visions: To be a part of the society and will jointly walk to sustainable development of society and the environment. Our missions: To engage in activities for communities and society on a continuous basis; to operate business with responsibility for community and society as a whole for our sustainable growth. It is our policy to clearly adopt CSR practices throughout our organization.

On 21 May 2014, the Board Meeting No. 1/2014 resolved in favor of CSR under the following principles:

1. To operate business fairly.
2. To counter corruption.
3. To respect human rights.
4. To treat workers fairly.
5. To be responsible for consumers.
6. To protect the environment.
7. To develop communities or society.
8. To have culture and disseminate innovations obtained from operation with responsibility for society, the environment and interested parties.

It is our policy to engage in such activities according to the written guidelines on CSR. We shall accomplish the following missions:

1. Fair business operation

We uphold operation of business according to the laws; put emphasis on operation of business honestly, straightforwardly and ethically; strive to operate business fairly; not to take advantage of clients, trading partners, other parties in contracts, creditors, competitors and shareholders, as follows:

Practices and Responsibilities in Trading Partners and other Parties in the Contracts

It is our policy to equally treat trading partners and the other parties to the contracts, which are regarded as partners and the factors toward business success, taking into account joint interests, as follows:

- 1) We intend to supply goods and provide services efficiently under the following principles:
 - to compete on the basis of equal information;
 - to adopt criteria for assessment and choosing trading partners and the other parties to the contracts;
 - to draw up contracts in suitable formats and be fair to all parties;
 - to monitor and follow up to ensure full compliance with the terms and conditions of the contracts; to prevent frauds and corruption in all stages of procurement;
 - to pay trading partners and the other parties to the contracts in a timely fashion in compliance with the terms of payment.

2) To strive for sustainable development and maintenance of good relations with trading partners and the other parties to the contracts; to clearly specify the objectives of product quality, value for money services and mutual trust.



3) Not to allow the management and staff to accept any favors directly or indirectly from trading partners or the other parties to the contracts.

4) Not to use the information obtained from purchase or supply for personal gain or for the benefit of others.

Practices and Responsibilities in Respect of Creditors

We uphold principles and discipline in our operations to earn trust from creditors. We adopt the following practices:

- 1) Not to dishonestly demand, accept or offer any benefits in dealing with creditors.
- 2) If any dishonest demand, acceptance or offer of any benefits is known, the information must be disclosed to the creditors, and joint efforts should be made to resolve the issues.
- 3) To strictly observe all the terms and conditions of the contracts or agreements.
- 4) If it is not possible to observe the terms and conditions of the contracts or agreement, the Company will inform its creditors of the facts so that the parties will try to find solutions.

Practices and Responsibilities in Respect of Competitors

We want to achieve long term sustainable success and become a leading company in fair and ethical competition in the industries. We have adopted the following practices:

- 1) To compete under good rules.
- 2) Not to obtain competitors' secret information by dishonest or improper means for our own benefit.
- 3) Not to commit libel against competitors.
- 4) Not to infringe the intellectual properties of competitors or any persons.

Practices and Responsibilities in Respect of Shareholders

Having realized that shareholders are the owners of the business and the Company, we create added value in the long run for them by setting the following guidelines for our employees, directors and executives:

- 1) To perform duties on a bona fide basis and make decisions carefully and fairly in the interest of all shareholders.
- 2) To oversee the operations to ensure that the Company has stable financial status and good performance; to preset correct and complete reports on the Company's standing, returns on operations, financial status, accounting and others on a regular basis.
- 3) Present to all shareholders the reports on the Company's future aspects, whether positive or negative, which are reliable and have sufficient proofs.
- 4) Not to seek interest for oneself other from the information not disclosed by the Company to the public, nor to perform any acts which may cause conflict of interest with the organization.
- 5) To treat all shareholders equally at the Meeting of Shareholders.

2. Anticorruption

Company has Anti Corruption Policy and Anti Bribery Policy in which the Company and its subsidiary companies shall not be involved in any corruptions or offering of bribery in its operations of Business. This complies with the Anti-Corruption Act 1999 (Revised Act 2015 No. 3)

We have adopted the following anticorruption policies:

1. Our employees shall not demand or accept any interests or property in exchange for performance or omission of any acts which may cause the Company to lose interest.
2. Our employees shall not use their own capacity to offer any interest or property to third parties to influence them to perform or omit any acts.

We also take the following anticorruption measures:

1. To communicate with directors, executives and employees about operation of business in strict compliance with the laws; those who commit offenses due to carelessness or ignorance shall receive punishments by government agencies without any help from the Company.
2. Guidelines on anticorruption are set forth in our good corporate governance practices which will be reviewed by the Board of Directors annually.
3. The Risk Management Team holds a meeting every quarter to assess risks and determine if the operations of the Company and its affiliate may create risks from corruption, and try to find solutions (if any).
4. Interested persons can make inquiries, lodge complaints, report illegal acts, raise doubts on the correctness of any financial statements, deficient internal control or unethical acts of the Company on our website Good Corporate Governance page or by contacting our independent directors or Audit Committee. Such communications shall be treated as confidential, and investigation shall be conducted to find solutions; and a report shall be submitted to the Board of Directors.

3. Respect of Human Rights

Having realized that all of our employees are valuable assets which are the factors for attainment of our business objectives, we respect the honor and personal rights of our employee and maintain workplace in good working conditions which is safe for their lives and properties.

4. Fair treatment of employees

- To appoint, transfer, reward and punish employees on a bona fide basis, taking into account their knowledge, abilities and suitability.
- To attach importance to employees' constant knowledge and skill acquisition: offer training, hold seminars for all employees.
- To offer fair remuneration based on the market condition, competition, job description, the employee's ability and performance.
- Not to perform any unfair acts which affect the career of the employee.
- To allow employees to air their grievances about working conditions and suggest solutions for the benefit of all parties and create good relations at work.
- To strictly observe all the laws and regulations on employment.

5. Responsibilities in for Customers

We provide the service of health massage. We intend to create, present and manage our products and services for our customers with the following the standards, ethics and practices:

- 1) To strive to provide service with politeness, earnestness, readiness, sincerity, good intention and attention as if the customers are close relative, taking into account safety and satisfaction of customers.
 - 2) To inform customers of our service methods to ensure maximum efficiency and satisfaction.
 - 3) To provide correct and complete information on our products and services so that customers can make the right decisions. Not to over advertise, exaggerate or cause misunderstanding about the quality, quantity, terms or conditions of the products or services.
 - 4) To provide communication channels for customers to make complaints about our products or services so that we can find solutions and improve our products and services.
 - 5) To treat our customers' information as confidential; not to disclose it or use it for personal gain.
- We strictly comply with the laws, rules, regulations of Public Health Ministry and Interior Ministry; we have the license to operate spa business; we ensure customer's safety; we have 24-hour security system: security guard, CCTV, firefighting system and fire exits which meet the standards set by the government. We provide after sale service to find out our customer's level of satisfaction. We have guidelines for dealing with customers' dissatisfaction according to our visions.



6. Protection of the Environment

We attach importance to surrounding communities and society, thinking that we are a part of them and intend to achieve sustainable development of the society and surroundings. We constantly hold social and community activities while operating the business while being responsible for the society and communities, as follows:

- 1) To operate business, taking into account the environment and in strict compliance with the laws and regulations on the environment.
- 2) To ensure that our employees become aware of their responsibilities towards the environment and society.
- 3) To quickly and efficiently respond to the events that affect the community surrounding, lives and properties in connection with our operations. To fully cooperate with the government officials and the agencies concerned. Our branches put emphasis ecosystem conservation; they carefully maintain garden and trees in good conditions; they pay attention to:

- Ecosystem

We attach importance to the site and its surroundings; our branches maintain and conserve the ecosystem in natural conditions; in the design, the maintenance of site, the surroundings, gardens and trees is taken into account

- Conservation of the Environment

We constantly maintain the surroundings of all of our branches in good conditions all the time. To avoid pollution, we properly manage and dispose of waste and waste water - waste of different types are separated.

- Minimization of Chemicals

We minimize the use of chemicals. We produce compresses from herbs. We scatter herbs from used compressed around our branches to drive mosquitoes away and keep the place beautifully scented. We also use essential oil to drive mosquitoes away instead of using chemicals.

7. Development of Communities or Society

We attach importance to the development of the surrounding communities or society; strive to constantly operate business to create society, communities and the environment for better lives; we engage in those activities by ourselves or in cooperation with government agencies, private firms and communities with the aims to make the residents in the communities earn more incomes and lead better life, as follows:

- 1) To respect the customs, traditions and cultures of the areas where we operate our business.
- 2) To constantly engage in the activities for creation of society, communities and the environment for the betterment of life quality in cooperation with government agencies, private organizations and communities.
- 3) To take part in activities organized by nearby communities.
- 4) To recruit staff from the residents within the area where our branches are located.
- 5) To use local raw materials for branch decoration; buy from local producers or domestic suppliers.

8. Innovations from Operation with CSR

We intend to disseminate the innovations obtained from spa business for sustainable support and development of Thai spa business. We will disseminate the knowledge of Thai spa by accepting students for apprenticeship in our branches.

7.2 Operation and Reporting

We operate according to the overview of operation of business with CSR as follows:

7.2.1 Staff Training

We have an annual personnel development plan; encourage staff to undergo training constantly; hold orientation for all new staff to help them understand working as organization so that they can work in compliance with our policies. We also offer other trainings to enhance staff potential, e.g. training in service.

7.2.2 Reporting

We have a plan for the report of compliance with CSR policies, positive and negative impact of our operation on the social economy and the environment; the information will be disclosed in our annual report after being listed on SET.

7.3 Operation Affecting CSR

-None-

7.4 Activities for the Benefit of Society and the Environment

1. The Company has signed the Memorandum of Understanding (MOU) with University of Thai Chamber of Commerce to develop curriculum and promote education for students
2. The Company offers spa site visit to students in this field to strengthen their knowledge about Thai Spa in 2017.
3. The Company offers internship to students to understand the real business experience with the length at least 60 days in which students receive the minimum wage allowance. Students from different universities.
4. The Company adds value to local products such as the Tea Oil from Chai Pattana Foundation in which the company develops as base oil for the Massage Oil and OTOP Baskets to use as the containers for the Spa Products Gift Basket etc.
5. The Company encourages the Head Office Staff to donate blood to Thai Red Cross Society as part of the Company's role of Co-host of Special Blood Donation event at B.U. Place.



8 Internal Control and Risk Management

8.1 Internal Auditor's comment about internal control system

The Company realised about the importance of a good internal control system which will support the running of the business efficiently and effectively. The Siam Wellness Group's Board of Director Meeting no. 2/2014 on April 3, 2014 agree to assign the Audit Committee and Extraordinary General Shareholders' Meeting no. 1/2014 on May 7, 2014 had approved the Audit Committee which consist of 3 members to review the efficiency and sufficiency of the internal control system and to make sure that the Company and its subsidiaries have been running business according to the law and regulation of the Stock Exchange of Thailand and also related law and regulation.

The Company had assigned Acc-Plus Consultant Company Limited ("Internal Auditor") to be our internal auditor because the company doesn't have an internal audit department. Internal Auditor will audit and evaluate the sufficiency of the internal control system including suggest and follow up the improvement of the internal control system according to the policy and regulation specified in the internal audit plan. Including the evaluating of The Committee of Sponsoring Organization of the Treadway Commission: COSO 5 ways which are

- 1) Control Environment
- 2) Risk Assessment
- 3) Control Measurement
- 4) Information and Communication System
- 5) Tracking System

The Internal auditor has reported the result of the audit and the improvement to the Audit Committee to make sure that the running of the Company and its subsidiaries including related transactions between the Company and its subsidiaries and related person are efficient and accord to the law.

The Company realized about the importance of a good internal control system which can improve the efficiency of the business. Therefore, the Audit Committee and the Board of Director have assigned the Internal Auditor to follow up and report to the Audit Committee for consideration and to the Board of Director for acknowledgement. The internal auditor has presented the quarterly 2017 plan for internal audit and will do the internal audit and report to the Audit Committee and the Board of Director quarterly.

In the Board of Director Meeting no. 1/2018 on February 23, 2018, all 3 member of the Audit Committee attended that meeting. The Board of Director evaluate the sufficiency of the internal control system by asking information from the managements and according to the result of evaluating internal control system which evaluate by the Executive Committee no. 2/2561 on February 16, 2018.. The Board of Director decided that the internal control system of the Company is adequate and appropriate for the current size of the Company and present situation.

Internal Auditor's notices on the internal control system

In 2017, the Internal Auditors had audited the Company 4 times. The results are as followed:

1. The internal audit report no. 1/2017 dated May 12, 2017, which follows up the Company's Operation based on the compliance auditing of operational system by Walk-through and Interview Methods in 3 branches of Baan Suan Massage.

- a. Baan Suan Massage Charoennakorn 68
- b. Baan Suan Massage Nonthaburi
- c. Baan Suan Massage Ramintra

2. The internal audit report no. 2/2017 dated August 11, 2017, which follows up the Company's Operation based on the compliance auditing of operational system by Walk-through and Interview Methods in 3 branches of Let's Relax

- The Administrative department will assign and notice in advance before operation in branches.

3. The internal audit report no. 3/2017 dated November 8, 2017, which follows up the Company's Operation based on Information Technology System (IT system)

4. The internal audit report no. 4/2017 dated February 21, 2018, which follows up the Company's Operation based on Payroll and Human Resource Management System and the issues founded in the internal audit report no. 1/2017 and 2/2017

From the assessment of sufficiency and efficiency of the internal control system base on plan of actions and management, overall the company has appropriate internal control system and some improvement need. However, the overall efficiency of the internal control can give confident that the company can reach the goal and policies as expected. The suggestions to the company can be separated into 2 categories – Important Suggestions in which the company should take actions and Considered Suggestions.

8.2 Auditor's notice about the internal management system

EY Office Limited, the accounting auditor of the Company had audited the Company's financial statement for year end 31 December 2017 and stated that the Company's financial statement show correct financial position, financial performance and cash flow according to the general financial standard

8.3 Risk Management System

Company has priority in managing the Corporate Risk and supports the operations of the Business under ERM Framework and SET's Enterprise Risk Management Policy

The Risk Committee composed of 3 members including

- | | |
|----------------------------|---|
| 1. Mrs. Supee Pongpanich | Chairwoman of the Risk Committee |
| 2. Mr. Narun Wiwattanakrai | Member of the Risk Committee and Head of Risk Working Group |
| 3. Mr. Prin Ekmanochai | Member of the Risk Committee |

In 2017, there were 4 meetings of Risk Committee. In each meeting, the Members of the Risk Committee and Members of Risk Working Group jointly assess the different risks to the Company including Strategic Risk, Legal Compliance Risk, Financial Risk, Operational Risk and Asset Risk by reviewing the likelihood of the risk and the impact of the risk

1. Risk Committee Meeting No. 1 on 16 February 2017

The Risk Committee approved the Risk Committee Charter, Risk Policy and Risk Handbook as the Guideline for the Risk Committee



2. Risk Committee Meeting No. 2 on 12 May 2017

The Risk Committee assessed Strategic Risk and Legal Compliance Risk as followed:

- Spa Certificate Application Process
 - 1) The Spa shall have the Spa Certificate
 - 2) Spa Manager shall have the Spa Manager Certificate
 - 3) Therapists shall be enrolled as the Service Provider
- Let's Relax's Trademarks

Let's Relax's Trademarks have been imitated by Foreign Spa Operators . The Committee suggests that Company shall applies for the Trademarks in targeted foreign countries and shall take legal action with that Foreign Spa Operator.

3. Risk Committee Meeting No. 3 on 11 August 2017

The Risk Committee assessed Operational Risk as followed:

- Trainee and Promotions

The Risk Committee assessed Asset Risk as followed:

- ERP should reduce the labor intensive duties and shall make the Operations more efficient

4. Risk Committee Meeting No. 4 on 13 November 2017

The Risk Committee assessed the overall risks of 4th Quarter of 2017, the likelihood of the risk and the impact of the risk

In sum, the Company continuously review and improve the Risk Management on annual basis to reflect with the internal and external changes to the Companies, considering the current and potential events. Risk Preventive Measures and Efficient Risk Management Policies are implemented to reduce the risk to the level that are acceptable to ensure the smooth operations of the Business as well as the Vision and Mission, both short-term and long-term, are sustainably achieved.

Risk Committee's Report

To Shareholders of Siam Wellness Group Public Company Limited

Siam Wellness Group Public Company Limited highly values good corporate governance, in particular risk, to ensure that it can efficiently and suitably deal with uncertainty potentially affecting its businesses. The committee performed its Board-assigned duties under the criteria for corporate-wide risk management under the Charter of Risk Management Committee. The Risk Committee consists of:

1. Mrs. Supee Pongpanich, Chairwoman of the Risk Committee
2. Mr. Narun Wiwattanakrai, Member of the Risk Committee and Head of Risk Working Group
3. Mr. Prin Ekmanochai, Member of the Risk Committee

In 2017, the Risk Committee had a meeting total of 4 times which included the Members of the Risk Committee (100% attendance) and Member of the Risk Working Group (Management Team) to monitor the key risks that affects the Company's performance and to ensure the Company's performance to be efficient and comply with the Company's Goals. The essence topics are as followed:

1. Company's Risk by Quarter

The Risk Committee and the Risk Working Group jointly assess the Company's risks, its likelihood to happen and its impact from different risks such as Strategic Risk, Legal Risk, Financial Risk, Operational Risk and Asset Risk. Moreover, the Committee used the Global Risk Report 2017 of World Economic Forum as a guideline for strategic risk analysis to ensure the Company's short-term and long-term goals are achieved as well as to prevent any changes in Government's Policy that will impact the Company's Performance. The Committee also gave inputs to the risk management controls and potential



risks that may impact the Company's subsidiary to ensure smooth operations and achieving their Goals.

2. Company's Risk using SET's guideline

The Committee used the Enterprise Risk Management Framework (ERM Framework) composed of Enterprise Risk Management Policies prepared by Stock Exchange of Thailand as a fundamental in assessing the likelihood and the impact of potential risks. Risks are divided into 3 types 1) Strategic Risk 2) Business Risk 3) Process Risk.

3. Company's Risk Action Plan

The Risk Committee and the Risk Working Group jointly assess the Risk Action Plan which includes both Preventive Action Plan (before risk occurs) and Easing Action Plan (after risk occurs)

The Risk Committee is determined to ensuring that the Company commands proper oversight and due risk management, while having sufficient risk management controls to ensure that Company's efficiency and goals are achieved.

(Mrs. Supee Pongpanich)
Chairwoman of the Risk Committee

16 December 2017

9

Related Party Transactions

9.1 Relationship of related party

Company and subsidiary companies have related transactions with related party in which related party includes shareholders and/or directors and/or management. Moreover, the related party also includes other companies that the Company and subsidiary's companies' directors act as authorized directors. Related parties are listed as below:

Company Name/Person's Name	Business Type	Relationship
Blooming Co.,Ltd	Selling Herbal Balls and Gifts	Joint Shareholder
B.U. Enterprise Co.,Ltd	Restaurant / Service Apartment	Joint Shareholder and Director
Cyberprint Group Co.,Ltd	Printing Services	Joint Shareholder and Director
Asian Fortune Property Co.,Ltd	Real Estate	Joint Shareholder and Director
RarinJinda Limited Partnership (formerly RarinJinda Ordinary Partnership)	Real Estate	Joint Shareholder and Director
Mr. Vithit Utsahajit	Real Estate	Brother of Mrs. Pranee, Mrs. Thanit and Mr. Wiboon
Ms. Tamontorn Amorntirasan	Real Estate	Daughter of Mrs. Thanit
Mr. Wiboon Utsahajit	-	Director of Company
Mr. Narun Wiwattanakrai	-	Director of Company
Mrs. Pranee Suphawatanakiat	-	Director of Company
Mrs. Thanit Amorntirasan	-	Director of Company
Mr. Prasert Jiravanstit	-	Director of Company
Mr. Juckpat Jiravanstit	-	Director of Company



Summary of Directorship and Shareholding of Related Company

Name	Cyberprint Group Co.,Ltd			Blooming Co.,Ltd			B.U. Enterprises Co.,Ltd			Asian Fortune Property Co.,Ltd			RarinJinda Limited Partnership			Utsahajit Holdings Co.,Ltd		
	Director	Amount of Shares hold	%	Director	Amount of Shares hold	%	Director	Amount of Shares hold	%	Director	Amount of Shares hold	%	Director	Amount of Shares hold	%	Director	Amount of Shares hold	%
1 Mr. Vithit Utsahajit	✓	5	0.00%		38,750	7.75%		1	0.01%		-	0.00%		-	0.00%	✓	2,500,000	8.33%
2 Mrs. Pranee Suphawatanakiat	✓	5	0.00%		38,750	7.75%	✓	1	0.01%	✓	400,000	20.00%	✓	20,000,000	16.67%	✓	2,500,000	8.33%
3 Mr. Thanawat Utsahajit	✓	5	0.00%		38,750	7.75%		1	0.01%	✓	400,000	20.00%	✓	20,000,000	16.67%	✓	2,500,000	8.33%
4 Mrs. Thanit Amontirasan	✓	5	0.00%		38,750	7.75%		1	0.01%	✓	400,000	20.00%	✓	20,000,000	16.67%	✓	2,500,000	8.33%
5 Mr. Wiboon Utsahajit	✓	5	0.00%		38,750	7.75%		1	0.01%	✓	400,000	20.00%	✓	20,000,000	16.67%	✓	2,500,000	8.33%
6 Mrs. Suvimol Utsahajit	✓	5	0.00%		38,750	7.75%	✓	1	0.01%		-	0.00%		-	0.00%	✓	2,500,000	8.33%
7 Mr. Wiwat Utsahajit	✓	5	0.00%		38,750	7.75%		1	0.01%		-	0.00%		-	0.00%	✓	2,500,000	8.33%
8 Mr. Wichai Utsahajit	✓	5	0.00%		38,750	7.75%		1	0.01%		-	0.00%		-	0.00%	✓	2,500,000	8.33%
9 Mr. Napat Wiwattanakrai	✓	5	0.00%		12,916	2.58%		1	0.01%		133,333	6.67%		-	0.00%	✓	833,334	2.78%
10 Mr. Banlue Utsahajit		5	0.00%		38,750	7.75%	✓	1	0.01%		-	0.00%		-	0.00%	✓	7,500,000	25.00%
11 Mr. Narun Wiwattanakrai		5	0.00%		12,917	2.58%		1	0.01%	✓	133,334	6.67%	✓	20,000,000	16.67%		833,333	2.78%
12 Mr. Narut Wiwattanakrai		5	0.00%		12,917	2.58%		1	0.01%		133,333	6.67%		-	0.00%		833,333	2.78%
13 Mr. Prasert Jiravanstitt		-	0.00%		112,500	22.50%		-	0.00%		-	0.00%	✓	20,000,000	16.67%		-	0.00%
14 Mr. Issawong Suphawatanakiat		-	0.00%	✓	-	0.00%		-	0.00%		-	0.00%		-	0.00%		-	0.00%
15 Utsahajit Holdings Co.,Ltd		69,999,940	100.00%		-	0.00%		19,988	99.94%		-	0.00%		-	0.00%		-	0.00%
Total		70,000,000	100.00%		500,000	100.00%		20,000	100.00%		2,000,000	100.00%		120,000,000	100.00%		30,000,000	100.00%

Remarks: Shareholding percentage is calculated using 2 decimal points. If sum of many shareholders, it may partially different to total sum.

9.2 Related Transactions

Company and subsidiary companies have related transactions with related party which can be summarized as below:

1. Purchase of products or services from related party under normal circumstances (Report to Audit Committee for consideration)

Unit: thousands baths

No.	Related Party	Transaction Details	Value	Reason and Consideration
			2017	
1	Blooming Co.,Ltd	Revenue from Sales	2	• Blooming Co.,Ltd purchases spa products from subsidiaries at market price for gifts and premium goods • Company and subsidiaries purchase herbal balls, scrub, Thai herbs as well as packing and screening services at agreed prices • Audit Committee approved above transactions since the prices were comparable and lower than market. In addition, some of them were special formula produced only for Company and subsidiaries.
		Purchases and Services	17,995	
		Trade Receivable	1	
		Trade Payables	962	
2	B.U. Enterprises Co.,Ltd	Revenue from Sales	5	• BU Enterprises Co.,Ltd. purchases spa products from subsidiaries for gifts at market prices. • Company and subsidiaries purchase cookies for spa customers and for resales at market price. • Audit Committee approved mentioned transactions which were considered as normal activities and the prices were comparable to market.
		Purchases and Services	852	
		Trade Receivable	4	
		Trade Payables	359	
3	Cyberprint Group Co.,Ltd	Revenue from Sales	279	• Cyberprint Co.,Ltd. purchases spa vouchers from Company and spa products from subsidiaries for gifts at market price. • Cyberprint Co.,Ltd. provides printing services for Company and subsidiaries at agreed prices. • Audit Committee approved above services given by Cyberprint Co.,Ltd. since they were normal activities and the prices were comparable to market.
		Purchases and Services	1,894	
		Trade Receivable	8	
		Trade Payables	377	



2. Rental of Properties from related party in which the Audit Committee has approved (Report to Audit Committee to acknowledge)

Unit: thousands baths

No.	Related Party	Transaction Details	Value	Reasons and Audit Committee's comments
			2017	
1	Asian Fortune Property Co.,Ltd	Rental and Utilities Expense Rental and Utilities Payable	15,014 931	- Company has rented building for spa business (Let's Relax Patong 3rd Street, Patong 3rd Street extension, and Let's Relax Thapae) at agreed price. Let's Relax Patong 3rd Street - Audit Committee approved the extension of rental and services contract (Contract from 1 February 2017 – 31 January 2020) in the Audit Committee Meeting 4/2016 on 11 November 2016 Let's Relax Patong 3rd Street extension - Audit Committee approved the extension of rental and services contract (Contract from 1 February 2017 – 31 January 2020) in the Audit Committee Meeting 4/2016 on 11 November 2016 Let's Relax Thapae - Audit Committee approved the extension of rental and services contract (Contract from 1 October 2015 – 30 September 2018) in the Audit Committee Meeting 4/2015 on 13th August 2015
2	RarinJinda Limited Partnership	Rental and Utilities Expense Rental and Utilities Payable	3,252 -	- Company has rented land and building improvement for spa business and partial sub-lease to Siam Wellness Resort Co.,Ltd for the hotel operation and restaurant for 30 years at agreed price. - Audit Committee approved the rental and service contract (Contract from 1 January 2013 – 31 December 2042) in the Audit Committee Meeting 2/2013 on 28 March 2013.
3	Blooming Intergift Co.,Ltd	Rental and Utilities Expense Rental and Utilities Payable	701 8	- Company has rented building located in Soi Suthiporn (Soi Ratchadaphisek 3), Ratchadaphisek Road, Dindaeng sub-district, Dindaeng district, Bangkok for Warehouse at agreed price. - Board Committee approved the extension of rental and services contract (Contract from 1 January 2017 – 31 December 2019) in the Board Committee Meeting 5/2016 on 8 August 2016

No.	Related Party	Transaction Details	Value	Reasons and Audit Committee's comments
			2017	
4	B.U. Enterprise Co.,Ltd	Rental and Utilities Expense Rental and Utilities Payable	3,785 279	• Company has rented a space, 21th floor and 22 th floor, in B.U. Place building located in 567 Soi Suthiporn 2, Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok for Office at agreed price. • Board Committee approved the rental and services contract (Contract from 1 January 2017 – 31 December 2019) in the Board Committee Meeting 7/2016 on 11 November 2016
5	Mr. Vithit Utsahajit	Rental and Utilities Expense Rental and Utilities Payable	1,320 -	• Company has rented 7 commercial buildings (483-483/6) for Head Office and its subsidiary companies at agreed price • Audit Committee approved the rental contract (Contract from 1 January 2016 – 31 December 2018) in the Audit Committee Meeting 5/2015 on 9 November 2015
6	Ms. Tamontorn Amornntirasan	Rental and Utilities Expense Rental and Utilities Payable	433 -	• Company has rented one 2-storeyed houses (322/202 for living quarter for therapist, • Board Committee approved the rental contract (Contract from 1 January 2017 – 31 December 2019) in the Board Committee Meeting 8/2017 on 30 January 2017.



3. Other Transactions from related party (Report to Audit Committee to acknowledge)

Unit: thousands baths

No.	Related Party	Transaction Details	Value	Reasons and Audit Committee's comments
			2017	
1	Mr. Wiboon Utsahajit	Advance Payables Total Advance Payables for 2017	- 31	• Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
2	Mr. Narun Wiwattanakrai	Advance Payables Total Advance Payables for 2017	8 965	• Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
3	Mrs. Pranee Suphawatanakiat	Advance Payables Total Advance Payables for 2017	- 27	• Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
4	Mrs. Thanit Amorntrisan	Advance Payables Total Advance Payables for 2017	675 80	• Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
5	Mr. Prasert Jiravanstit	Advance Payables Total Advance Payables for 2017	454 833	• Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
6	Mr. Juckpat Jiravanstit	Advance Payables Total Advance Payables for 2017	- 4	• Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017

4. Rental Contracts which are related transactions and their conditions

Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
29 Dec 2016	The Company enters into the lease of the building agreement with Ms. Tamontorn Amorntrisan, for the lease of the building No. 322/202 on Asoke DinDaeng road to be used as a living quarters of the therapist staff in Bangkok.	3 years to be expired on 31 December 2019	The building No. 322/202, the monthly rental is 36,080 Baht. For renewal, rental shall not increase more than 10% from the current rental rate	• Renewable for 3 years subject to advance notice of 60 days before expiration of the agreement. • Early termination of the agreement subject to advance notice of 120 day. • On 15th September 2014, the Company executed the Memorandum of the Understanding to terminate the lease agreement of the Building No. 322/203 which is effective on 1 November 2014 onwards.
13 Nov 2015	The Company enters into the lease of the building with Mr. Vithit Utsahajit, for the lease of the 1st floor and the 2nd floor of the Building No. 483-483/6 and for the lease of the 3rd floor of the Building No. 483/6 on Soi Suthiporn, Prachasongkroh Road, Khwaeng DinDaeng, Khet DinDaeng for total utility space of 1,392 square meters for use as the office building of the Company and of the subsidiary.	3 years to be expired on 31 December 2018.	The rental is 110,000 Baht/ per month and the increased rental may be adjustable according to the market condition, but not exceeding 15 percent of the rental in force on every 3 years.	• Lease is renewable for 2 times of 3 years each subject to 30-day advance notice prior to expiration. • The Lessee has the duty to maintain, improve, repair the leased building to good condition. • The Lessee is liable for payment of property tax and other fees. • The Lessee is responsible for the cost of public utilities.



Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
26 Aug 2014	The Company enters into the land and structure lease agreement with Mrs. Pranee Suphawatanakiat, Mr. Narun Wiwattanakrai, Mr. Thanawat Utsahajit, Mr. Prasert Jiravanstit, Mrs. Thanit Amorntirasan and Mr. Wiboon Utsahajit, by paying the rental to RarinJinda Limited Partnership jointly founded by the 6 persons, for the land under the Land Title Deed No. 117, 2875, 8985, 554, 3010, 3009 and 103754 totalling 7 Land Title Deeds, having total area of 2 rai 3 ngan 62.4 square wah for operating the spa business (RarinJinda Wellness Spa, Chiangmai branch) and some part of the land being subleased to Siam Wellness Resort Co., Ltd., to operate the hotel and restaurant business (RarinJinda Wellness Spa Resort and Deck 1 Restaurant).	30 years. Effective on 1 January 2013. Expires on 31 December 2042.	30 years. Effective on 1 January 2013. Expires on 31 December 2042.	- The lease is renewable subject to not less than 3 years advance notice in writing before expiration. - Upon the expiration of the Lease Agreement, the Lessee must remove the Lessee's property from the leased premises failing which, the Lessor shall be entitled to repossess the leased premises and remove the property of the Lessee from the leased premises at the expense of the Lessee. - The lease parties must register the right of lease at the Land Officer for which the Lessee is liable to meet all the expenses for registration of the lease (The lease was registered on 29 Aug 2014). - The debris of the 4-storey of the building No 14/1 and 2-storey Thaistyle house No. 14 on Charoenrat Road, in Tambon WatKet, Amphoe Muang, Chiangmai province, on the land, the Lessee shall be responsible for improvement without charging the rental throughout the period of the Lease Agreement. - The Lessee has the duty to maintain, improve the leased premises to good condition. - The Lessee is responsible for property tax and other fees. - The Lessee is responsible for paying the cost of public utilities. - The agreement is substituted for the original agreement dated 1 January 2013.

Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
1 Dec 2016	The Company enters into the Lease Agreement and Space Service Agreement with Asian Fortune Property Co., Ltd. Located at No 184/14 Pung Muang Sai Kor Road, in Tambon Patong, Katu district, Phuket province, on the side of the shop, of 2,418 square meters in area to use to operate the Spa business Let's Relax, Patong 3rd Street branch).	3 years. To expire on 31 Jan 2015. Being the renewal of the 4th-6th year.	The rental for the 4 th year at 150,000 Baht per month; for the 5 th and the 6th year, the rental is 172,500 Baht per month. Lease Agreement security deposit of 600,000 Baht; The service charge for the 4 th year is at 350,000 Baht per month; the 5 th year and then 6th year at 402,500 Baht per month; the Agreement security deposit of 1,400,000 Baht.	• Renewable for 3 years subject to advance notice of 6 months before expiration. • The Lessee is responsible for property tax, tax on insurance premium and other fees. • The Lessee is responsible for public utilities actually incurred at the rate defined by PEA and PWA. • The rental and the service charge are adjusted downward from 172,500 Baht to 150,000 Baht; the service charge is reduced from 402,500 Baht to 350,000 Baht during 1 Feb 2014 - 31 Jan 2015 according to the Notice of the Reduction Adjustment dated 13 Jan 2014. • Adjusted reduction of the rental and service charge from 150,000 Baht to 75,000 Baht; the service charge is reduced from 350,000 Baht to 175,000 Baht, between 1 July 2014 - 31 Dec 2014 according to the Reduction Adjustment Letter dated 18 Aug 2014. • On 24 Nov 2014, the Company entered into the Memorandum of Understanding for Amendment of the Space in the Building Lease Agreement with Asean Fortune Property Co., Ltd., for change of name of the business name from "RarinJinda Wellness Spa" to "Let's Relax" effective from 1 Dec 2014.
1 Oct 2015	The Company enters into the Lease Agreement with Asian Fortune Property Co.,Ltd for lease of land and building at 207/47 Raj-u-thid 200 years Road, Patong sub-district, Kathu district, Phuket to operate the spa business (Let's Relax Patong 3rd Street extension)	3 years Starting on 1 Feb 2016 Expiring on 31 Jan 2019	The rental for Year 1-3 is at 60,000 Baht/month. Space Service Charge is at 140,000 /month.	• Renewable for 2 times of 3 years and rental shall not increase more than 15% from current rental and service charge



Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
17 Aug 2015	The Company enters into the Lease Agreement with Asian Fortune Property Co., Ltd. for lease of space in 3 storeys commercial building located at 97/2-5 Ratchadamnoen Road, Phra Singha sub-district, Muang district, Chiang Mai to operate the spa business (Let's Relax Spa Thapae)	3 years. Starting on 1 Oct 2015 Expiring on 30 Sep 2018	The rental is at 39,000 Baht/month. Pay the subsidy of 7,000,000 Baht. Space Service Charge is at 91,000 Baht / month.	• The Lease is renewable for 1 times at 3 years • For renewal of contract, each subject to advance notice of not less than 6 months.
29 Dec 2015	The Company enters into the Lease Agreement with Blooming Intergift Co., Ltd. for lease of space in Soi Suthiporn (Soi Ratchadaphisek 3), Ratchadaphisek Road, Dindaeng sub-district, Dindaeng district, Bangkok to operate as Warehouse	3 years. Starting on 1 Jan 2017 Expiring on 31 Dec 2019	The rental is at 50,400 Baht/month.	• The Lease is renewable for 2 times at 3 years • For renewal of contract, each subject to advance notice of not less than 30 days
14 Nov 2015	The Company enters into the Lease Agreement with B.U. Enterprise Co., Ltd. for lease of space 966 sq.m. in Soi Suthiporn 2, Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok to operate as Office	3 years. Starting on 1 Jan 2017 Expiring on 31 Dec 2019	The rental is at 104,328 Baht/month. The service charge is at 156,492 Baht/month.	• The Lease is renewable for 3 years • For renewal of contract, each subject to advance notice of not less than 90 days with rental and service charge rate shall not increase more than 10% from current rate
13 Mar 2016	The Company enters into the Lease Agreement with B.U. Enterprise Co., Ltd. for lease of space Room 3116 21st Floor 72 sq.m. in Soi Suthiporn 2, Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok to operate as Canteen	3 years. Starting on 13 Mar 2017 Expiring on 13 Mar 2020	The rental is at 7,776 Baht/month. The service charge is at 12,480.48 Baht/month.	• The Lease is renewable for 3 years • For renewal of contract, each subject to advance notice of not less than 90 days with rental and service charge rate shall not increase more than 10% from current rate

Remarks

The contract with the related party has been assessed by independent appraisal firms. These are,

1. 1 Single 2-stories home located at no. 322/202 Soi Yu Charoen Yaek 18 Ratchadaphisek Road, Huaykwang sub-district, Huaykwan district, Bangkok. The property was appraised by Sasiratchada Company Limited. Mr. Korakot Hendeengarm was the main valuer and assessor. Appraisal was made on October 21, 2013 with the public purpose. The assessment of rental rate for the house is 1,845,000 bahts for the period of 3 years or the monthly rate is 58,000 bahts and increase of rental rate of 3% year.
2. 7 blocs of 3-stories concrete building located at no. 483 Soi Suthiporn Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 18, 2014 with the public purpose. The assessment of rental rate for the building is 258,804 bahts per month and increase of rental rate of 10% every 3 years.
3. Land no. 117, 2875, 8985, 554, 3010, 3009 and 103754 total of 7 with the total area of 2 rai 3 ngarns and 62.4 square wa located at no. 14 Charoenraj Road, Wat Kate sub-district, Muang district, Chiang Mai. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 17, 2014 with the public purpose. The assessment of rental rate of land without building is 2,906,000 bahts per year and increase of rental rate of 15% every 3 years.
4. Land with 4-stories building and additional extension on roof located at 184/14 Pangmuang Sai Kor Road, Patong sub-district, Kathu district, Phuket. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 16, 2014 with the public purpose. The assessment of rental rate of building is 771,900 bahts per month and increase of rental rate of 15% every 3 years.
5. Land with building for Warehouse located in Soi Suthiporn Soi Ratchadaphisek (near Embassy of the People's Republic of China). The property was appraised by CPM Captital Company Limited. Mr. Noppun Leelitthikulchai was the main valuer and assessor. Appraisal was made on July 21, 2016 with the rental value of such Warehouse purpose. The assessment of rental rate of warehouse is 50,400 bahts per month and increase of rental rate of 10% every 3 years.
6. 22th floor of B.U. Place building for Office Soi Suthiporn 2, Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok. The property was appraised by CPM Captital Company Limited. Mr. Noppun Leelitthikulchai was the main valuer and assessor. Appraisal was made on July 25, 2016 with the public purpose. The assessment of rental rate of such 22 th floor is 198,300 bahts per month and increase of rental rate of 10% every 3 years.



9.3 Policy and Procedures of Related Party Transactions

9.3.1 Policy of Related Party Transactions

When the Company or subsidiary companies agreed to transact with related party according to the Board of Stock Exchange of Thailand, Company has set up a procedure in approving such transactions, in order for that transaction to be fair and does not have conflict of interest. Moreover it will bring the maximum benefit to the Company and the shareholders.

(1) Company will determine whether the transaction is normal business transaction or supporting transaction. Then, Company will determine whether it has the standard terms and conditions or not, taking into account the pricing and terms of other customers or terms that are used in similar transactions. In the event that there is no referencing market price, the Company will submit to the Audit Committee or Auditor or Specialist to determine the fair price of such transaction and the justify the underlying reason behind such transaction

(2) For following transactions (a) For supporting transactions with standard terms and conditions, where price cannot be calculated from the asset or reference point (b) normal business transaction or supporting transaction that does not have terms and conditions (c) rental transaction or lease transaction not more than 3 years and does not state terms and conditions (d) other transactions. Company will determine whether such transaction is small, medium or large according to the guideline. Procedures will be determined according to particular type of transaction such as approval from Board of Directors or Shareholders.

(3) Company will submit the related transactions of Company or its subsidiaries to the Audit Committee for comments. Audit Committee's comments must be attached to the minutes of the Board of Director's or Shareholder's Meeting.

(4) Company will submit the report of related party transactions to the Stock Exchange of Thailand with detailed attachment according to the principles of Board of Stock Exchange of Thailand and will include in the Annual Report, Annual Registration Statement or other statements according to the guidelines of the Board of the Stock Exchange of Thailand, as well as in Financial Report according to the Accounting Standards.

(5) For future related party transactions, Board of Directors must conduct in accordance with the Securities and Exchange Commission Act and other guidelines set by Stock Exchange of Thailand, as well as the related party transactions disclosure guideline including selling or buying of Company or its subsidiaries key assets according to the Certified Public Accountant Association's standards.

(6) For other related party transactions that are not normal business transactions, Company will assign Audit Committee to determine the transparency of the transaction. If the Audit Committee does not have specialization in that particular field, specialist or auditor can be requested for assist. These comments must be report in the minutes and used in the decision of the Board of Director or Shareholder's Meeting. It should also be disclosed in the Notes in the Financial Statments certified by auditor.

(7) Those who has conflict of interest with any particular transaction will have no right to vote or authorize that transaction

9.3.2 Authorization of related party transactions

Company has has set individual or committee to authorize related party transactions as followed:

(1) For related party transaction that is normal business or supporting transactions with standard terms and conditions, the Managing Director has the authority to authorize

(2) For related party transaction that is normal business or supporting transactions without standard terms and conditions where price cannot be calculated from asset or reference point, the authorizing party

has to be in accordance with the principles of related party transactions of Board of Securities Exchange Commission and Board of Stock Exchange of Thailand

9.3.3 Presentation of related party transactions to Audit Committee

(1) For related party transactions under approval authority of the management, matters shall be assigned to the department that has the responsibility related to that transaction such as Accounting, Operations or Executives with the responsibilities related to that transaction according the Approval Authority Chart. After management's approval, it will be submitted to the Audit Committee to review and disclosed in the Annual Registration Statement and Annual Report. These transactions should be submitted to Audit Committee via Management.

(2) Related party transactions under approval authority of the Board of Directors, matters shall be submitted to the Audit Committee via Purchasing or related department(s) before proceed to Board of Director's decisions

2.1 Purchasing or related department (s) submits the summary of related party transactions and supporting documents to the Audit Committee via Management

2.2 After receiving the decisions of the Audit Committee, the Company Secretary shall collect and present to the Board of Directors for approval. For director(s) with the conflict of interest to that transaction shall leave and shall not vote in that agenda

2.3 Report the Board of Director's decision to the Stock Exchange of Thailand and disclose in the Annual Registration Statement and Annual Report

(3) Related party transactions under approval authority of the shareholders, matters shall be submitted to the Audit Committee via Management before proceed to Board of Director's decisions and Shareholder's decisions respectively

3.1 Purchasing or related department (s) submits the summary of related party transactions and supporting documents to the Audit Committee via Management

3.2 After receiving the decisions of the Audit Committee, the Company Secretary shall collect and present to the Board of Director for approval.

3.3 After receiving the decisions of the Board of Directors, the Company Secretary shall collect and present to the Shareholders for approval. Supporting documents must be sufficient according the Stock Exchange of Thailand's rule and must be distributed to all shareholders at least 14 days before the meeting date. Information of shareholders with conflict of interest, such as name and number of shares held, must be disclosed. Shareholders with conflict of interest cannot vote. The passing of resolution requires . of the total votes of shareholders excluding those with conflict of interest.

3.4 Report the Board of Director's decision to the Stock Exchange of Thailand and disclose in the Annual Registration Statement and Annual Report

9.4 Policy and Possibilities of Related Party Transactions

9.4.1 Normal business transactions

Normal business transactions or support transactions with standard terms and conditions are those with pricing and terms and conditions that are fair and transparent should have following conditions:

- is the price that the Company or its subsidiaries as well as other person receives
- is the price and terms and conditions that related parties gives to other person
- is that price and terms and conditions that illustrates that other business operators in similar



9.4.2 Policy for reviewing related party transactions

Auditor has set guidelines for reviewing related party transactions as followed:

Type 1 Transactions that cause long term contracts, it shall be reviewed at the next meeting

Type 2 Transactions that is normal business transactions such as purchase of herbal balls, purchase of cookies, printing of materials, it shall be reviewed in principles to set standard guidelines for management and reviewed by the Audit Committee quarterly. Moreover, the price comparison shall be made according to the following:

- same specification
- for items that cannot be classified, the specification should be clearly stated in the quotation
- the comparing quotation should not have any conflict of interest and shall use normal business practices
- at least 2 comparing quotations
- comparing quotations shall be made at similar time period

9.4.3 Possibilities of future related business transactions

• Selling of goods and services

Company and its subsidiaries will continue to sell goods and services to related party under the same conditions to selling to other buyers. These transactions do not have significant effect on Company and its subsidiaries' operations.

• Purchasing of Herbal Balls, Cookies and Printing and packaging services

Company and its subsidiaries will continue to buy Herbal Balls, Cookies and Printing and packaging services from related party because after comparing with other suppliers, the related party offers the fit product at a more competitive rate. Price comparison shall be conducted regularly to comply with the Audit Committee's guidelines.

• Rent of Land and Building

Company and its subsidiaries will continue to rent land and buildings from related party because these land and buildings are used in the operations of the Company such as Head Office, Warehouse and Massage School as well as use as branches of spa, hotel and restaurant business. Thus, rental terms are in the medium to long term in order for the investment to be efficient. Price comparison shall be conducted prior to the signing of rental agreement and the rental rate is assessed by independent appraisal that is registered with the Securities Exchange Commission. These transactions must be approved by the Audit Committee.



Financial Information



Management Discussion and Analysis

Siam Wellness Group Public Company Limited of 2017, ended 31 December 2017

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED (“The Company”) would like to give details of the Management Discussion and Analysis of the financial statements of the Company and subsidiaries for the year 2017, ended of 31 December 2017 and to explain the causes of performance that has changed more than 20% from the same period last year. The Company and subsidiaries have the total revenue of 962.39 million baht, an increase of 223.27 million baht from the same period last year (or an increase of 30.21%). The net profit is 175.17 million baht, an increase of 34.20 million baht from the same period last year (or an increase of 24.26 %). Net profit is accounted as 18.48% of sales and services’ revenue. The main factor that contributes to the growth of the Company’s Operation results are (a) Increase in numbers of foreign customers especially from East Asia (b) Company’s Branch Expansion under Let’s Relax and Baan Suan Massage in Bangkok and Upcountry (c) Company’s Branch Expansion to China under Franchise Agreement (d) Increase in Same Store Sales Growth. As a result, the Company has expanded from 31 branches in 2016 to 41 branches in 2017 (40 domestic branches and 1 overseas branch). This is explained in details below.

Revenue

The Company and subsidiaries have the total revenue of 962.39 million baht, an increase of 223.27 million baht from the same period last year (or an increase of 30.21%). The main source of revenue is from the spa business, which contributes 86% of total revenue. The revenue growth is from both Same store and Expansion store sales growth. In 2017, the Company expanded 7 new Let’s Relax branches and 3 new Baan Suan Massage branches domestically.

In terms of the spa product business, the revenue goes in line with the increase in Spa Service Revenue in both Bangkok and Upcountry branches. As a result, the total revenue has increased significantly from the previous year.

Cost of Sales and Services

In 2017, the Company and subsidiaries had the cost of sales and services of 619.56 million baht, accounting for to 65.38% of sales and services’ revenue. This is an increase of 134.88 million baht from the same period of the previous year (or an increase of 27.83%). The increase is a reflection of the expansion of 10 new branches domestically and the additional cost of the existing branches. The main variable cost of sales and services are therapist cost and the main fixed cost of sales and services are the rental and service cost and the depreciation cost.

Selling and Administrative Expenses

In 2017, the Company and subsidiaries had the selling and administrative expenses of 130.34 million baht, accounted to 13.75% of the revenue from sales and services. This is an increase of 41.30 million baht from the same period last year (or an increase of 46.38%). The main selling and administrative expense is

the labor cost of additional workforce to support new branches and the salary adjustment of the existing staff and the rental and depreciation expense of the head office.

Net Profit

In 2017, the Company and subsidiaries had the net profit of 175.17 million baht or accounted 18.48% of the revenue from sales and services. The net profit of the Company and subsidiaries increased 34.20 million baht (or an increase of 24.26%) compared to the same period last year. This is the result from the increase in revenue from sales and services of the new branches located in Bangkok and the Upcountry as a result of the growth of Thailand tourism industry.

Although, the cost of sales and services and selling and administrative expenses increased, the increase is partly from the increase in variable costs related to the increase in sales and from other expenses related to the branch expansion and staff. Thus, costs increased by less than the growth rate of revenue resulting in an increase in net profit of the Company and subsidiaries.

A grayscale background image featuring a spa-like setting. In the foreground, a dark, smooth stone sits on a light-colored, textured surface. A single, large, pointed lotus petal is placed on top of the stone. In the background, another similar stone is visible, with a folded white cloth or towel resting on it.

Report and consolidated financial statements

Siam Wellness Group
Public Company Limited
and its subsidiaries

31 December 2017

Independent Auditor's Report

To the Shareholders of Siam Wellness Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Siam Wellness Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Siam Wellness Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siam Wellness Group Public Company Limited and its subsidiaries and of Siam Wellness Group Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to this matter. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for each matter are described below.

Revenue from services

The revenue from services related to spa business of the Company is the main revenue of the Group, representing 86% of total Group's revenues. Such revenue is derived from provision of services to a large number of individual customers through a variety of sales channels and many spa branches for the spa business. Therefore, I addressed the occurrence and accuracy of the revenue from services as a key audit matter.

I have examined the revenue from services by assessing and testing, on a sampling basis, the Company's internal controls with respect to the revenue cycle, understanding the nature of services condition to evaluate the appropriateness of the accounting policy, examining supporting documents, on a sampling basis, for revenue from services transactions occurring during the year and near the end of the accounting period, reviewing credit notes that the Company issued after the period-end, and performing analytical procedures on disaggregated data to detect possible irregularities in revenue from services transactions throughout the period.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matter communicated with those charged with governance, I determine that matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 23 February 2018

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	8	66,733,443	32,851,045	53,510,782	23,859,098
Current investments	9	75,966,297	18,059,218	47,822,221	-
Trade and other receivables	7, 10	12,390,973	8,606,292	9,342,505	5,333,781
Inventories	11	27,838,122	20,207,102	25,282,303	18,233,602
Other current assets		8,299,366	8,351,459	7,266,402	7,309,260
Total current assets		191,228,201	88,075,116	143,224,213	54,735,741
Non-current assets					
Restricted deposits of financial institution	12	5,001,000	-	-	-
Investments in subsidiaries	13	-	-	101,705,464	101,705,460
Leasehold rights on land	14	10,119,949	13,101,451	10,119,949	13,101,451
Property, plant and equipment	15	889,258,900	698,911,776	809,366,000	616,442,696
Goodwill	16	24,535,709	20,340,000	20,340,000	20,340,000
Intangible assets	17	9,244,567	7,726,495	9,012,232	7,500,292
Deferred tax assets	26	367,950	176,708	-	-
Deposits		43,916,648	36,199,820	43,916,648	36,199,820
Other non-current assets		1,829,417	502,543	1,815,416	491,544
Total non-current assets		984,274,140	776,958,793	996,275,709	795,781,263
Total assets		1,175,502,341	865,033,909	1,139,499,922	850,517,004

The accompanying notes are an integral part of the financial statements.

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บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts from financial institution	18	3,749,403	-	-	-
Short-term loans from and interest payable to related parties	7	4,215,343	-	-	-
Trade and other payables	7, 19	85,881,847	70,383,025	84,414,728	66,183,234
Current portion of long-term loans	20	68,850,000	20,000,000	68,850,000	20,000,000
Current portion of liabilities under finance lease agreements	21	310,297	521,701	310,297	521,701
Income tax payable		14,328,517	9,422,589	13,329,368	9,226,273
Advance received		24,153,850	16,354,695	21,758,574	14,413,406
Other current liabilities		5,023,970	3,730,556	4,149,223	3,057,896
Total current liabilities		206,513,227	120,412,566	192,812,190	113,402,510
Non-current liabilities					
Long term loans - net of current portion	20	185,050,000	80,000,000	185,050,000	80,000,000
Liabilities under finance lease agreements - net of current portion	21	351,782	225,906	351,782	225,906
Provision for long-term employee benefits	22	10,886,219	6,073,329	8,744,399	5,133,568
Deferred tax liabilities	26	6,043,926	8,324,594	6,068,226	8,324,594
Other non-current liabilities		11,855,217	11,125,785	11,158,246	10,536,115
Total non-current liabilities		214,187,144	105,749,614	211,372,653	104,220,183
Total liabilities		420,700,371	226,162,180	404,184,843	217,622,693
Shareholders' equity					
Share capital					
Registered					
570,000,000 ordinary shares of Baht 0.25 each		142,500,000	142,500,000	142,500,000	142,500,000
Issued and paid-up					
570,000,000 ordinary shares of Baht 0.25 each		142,500,000	142,500,000	142,500,000	142,500,000
Share premium		278,905,854	278,905,854	278,905,854	278,905,854
Discount on business combination under common control		(46,226,479)	(46,226,479)	-	-
Retained earnings					
Appropriated - statutory reserve	23	14,782,545	14,782,545	14,250,000	14,250,000
Unappropriated		324,135,182	208,205,525	258,956,110	156,535,342
Other components of shareholders' equity		40,703,115	40,703,115	40,703,115	40,703,115
Equity attributable to shareholders' of the Company		754,800,217	638,870,560	735,315,079	632,894,311
Non-controlling interests of the subsidiaries		1,753	1,169	-	-
Total shareholders' equity		754,801,970	638,871,729	735,315,079	632,894,311
Total liabilities and shareholders' equity		1,175,502,341	865,033,909	1,139,499,922	850,517,004

The accompanying notes are an integral part of the financial statements.

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บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Slam Wellness Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit or loss:					
Revenues					
Revenue from sales		86,619,169	71,717,038	42,369,442	34,304,038
Revenue from services		861,025,281	653,474,074	828,864,238	619,658,785
Other income		14,746,425	13,925,224	22,031,830	22,768,371
Total revenues		962,390,875	739,116,336	893,265,510	676,731,194
Expenses					
Cost of sales		54,715,846	45,404,293	25,877,013	20,434,125
Cost of services		564,841,970	439,274,574	560,928,773	433,046,651
Selling expenses		36,878,434	28,080,230	32,674,580	25,083,177
Administrative expenses		93,461,766	60,961,178	79,061,250	54,673,061
Total expenses		749,898,016	573,720,275	698,541,616	533,237,014
Profit before finance cost and income tax expenses		212,492,859	165,396,061	194,723,894	143,494,180
Finance cost		(6,572,207)	(1,566,532)	(6,067,192)	(1,566,532)
Profit before income tax expenses		205,920,652	163,829,529	188,656,702	141,927,648
Income tax expenses	26	(30,752,392)	(22,864,098)	(27,707,879)	(21,297,454)
Profit for the year		175,168,260	140,965,431	160,948,823	120,630,194
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial loss - net of income tax		(2,238,156)	-	(1,528,055)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(2,238,156)	-	(1,528,055)	-
Total other comprehensive income for the year		(2,238,156)	-	(1,528,055)	-
Total comprehensive income for the year		172,930,104	140,965,431	159,420,768	120,630,194

The accompanying notes are an integral part of the financial statements.



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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Siam Wellness Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit attributable to:					
Equity holders of the Company		175,167,795	140,964,529	160,948,823	120,630,194
Non-controlling interests of the subsidiaries		465	902		
		<u>175,168,260</u>	<u>140,965,431</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		172,929,657	140,964,529	159,420,768	120,630,194
Non-controlling interests of the subsidiaries		447	902		
		<u>172,930,104</u>	<u>140,965,431</u>		
Earnings per share	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.31	0.25	0.28	0.21

The accompanying notes are an integral part of the financial statements.



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Signature
ปณตวิทย์ จันทวนิชกุล

Siam Wellness Group Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to shareholders of the Company									
	Other components of shareholders' equity									
	Other comprehensive income									
	Issued and fully paid-up share capital	Share premium	Discount on business combination under common control	Retained earnings	Surplus on revaluation of assets	Total components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	shareholders' equity
				Appropriated - statutory reserve						
				Unappropriated						
Balance as at 1 January 2016	142,500,000	278,905,854	(46,226,479)	9,919,593	129,103,948	40,703,115	554,906,031	464	554,906,495	
Profit for the year	-	-	-	-	140,964,529	-	140,964,529	902	140,965,431	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	140,964,529	-	140,964,529	902	140,965,431	
Appropriation of retained earnings	-	-	-	4,862,952	(4,862,952)	-	-	-	-	
Dividend paid (Note 24)	-	-	-	-	(57,000,000)	-	(57,000,000)	-	(57,000,000)	
Subsidiaries paid dividend to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(197)	(197)	
Balance as at 31 December 2016	142,500,000	278,905,854	(46,226,479)	14,782,545	208,205,525	40,703,115	638,870,560	1,169	638,871,729	
Balance as at 1 January 2017	142,500,000	278,905,854	(46,226,479)	14,782,545	208,205,525	40,703,115	638,870,560	1,169	638,871,729	
Profit for the year	-	-	-	-	175,167,795	-	175,167,795	465	175,168,260	
Other comprehensive income for the year	-	-	-	-	(2,238,138)	-	(2,238,138)	(18)	(2,238,156)	
Total comprehensive income for the year	-	-	-	-	172,929,657	-	172,929,657	447	172,930,104	
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	
Dividend paid (Note 24)	-	-	-	-	(57,000,000)	-	(57,000,000)	-	(57,000,000)	
Increase in non-controlling interest from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2017	142,500,000	278,905,854	(46,226,479)	14,782,545	324,135,182	40,703,115	754,800,217	1,753	754,801,970	

The accompanying notes are an integral part of the financial statements.



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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Siam Wellness Group Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements						
	Other components of shareholders' equity						
	Other comprehensive income						Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus on revaluation of assets	other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2016	142,500,000	278,905,854	9,473,612	97,681,536	40,703,115	40,703,115	569,264,117
Profit for the year	-	-	-	120,630,194	-	-	120,630,194
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	120,630,194	-	-	120,630,194
Appropriation of retained earnings	-	-	4,776,388	(4,776,388)	-	-	-
Dividend paid (Note 24)	-	-	-	(57,000,000)	-	-	(57,000,000)
Balance as at 31 December 2016	142,500,000	278,905,854	14,250,000	156,535,342	40,703,115	40,703,115	632,894,311
Balance as at 1 January 2017	142,500,000	278,905,854	14,250,000	156,535,342	40,703,115	40,703,115	632,894,311
Profit for the year	-	-	-	160,948,823	-	-	160,948,823
Other comprehensive income for the year	-	-	-	(1,528,055)	-	-	(1,528,055)
Total comprehensive income for the year	-	-	-	159,420,768	-	-	159,420,768
Appropriation of retained earnings	-	-	-	-	-	-	-
Dividend paid (Note 24)	-	-	-	(57,000,000)	-	-	(57,000,000)
Balance as at 31 December 2017	142,500,000	278,905,854	14,250,000	258,956,110	40,703,115	40,703,115	735,315,079



 Siam Wellness Group Public Company Limited

 บริษัท สยามเวลเนส กรุ๊ป จำกัด (มหาชน)

 Siam Wellness Group Public Company Limited

 บริษัท สยามเวลเนส กรุ๊ป จำกัด (มหาชน)

The accompanying notes are an integral part of the financial statements.

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	205,920,652	163,829,529	188,656,702	141,927,648
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	77,449,313	55,304,981	70,088,731	49,928,172
Unrealised gain on the change in fair value of trading securities	(413,667)	(55,614)	(175,006)	-
Bad debts and allowance for doubtful accounts (reversal)	6,131	(126,493)	(990)	-
Reduction of inventories to net realisable value (reversal)	998,014	(779,403)	227,259	(460,988)
Gain on disposal of property, plant and equipment	(312,418)	(1,270,954)	(69,471)	(1,267,875)
Loss on write-off of property, plant and equipment	123,981	142,237	123,913	61,333
Long-term employee benefits expenses	2,019,993	1,899,997	1,700,762	1,590,148
Dividend income	-	-	-	(657,686)
Interest income	(289,225)	(267,701)	(257,768)	(195,761)
Interest expenses	6,572,207	1,566,532	6,067,192	1,566,532
Profit from operating activities before changes in operating assets and liabilities	292,074,981	220,243,111	266,361,324	192,491,523
Decrease (increase) in operating assets				
Current investments	(57,493,412)	8,242,077	(47,647,215)	26,245,682
Trade and other receivables	(3,272,949)	(4,394,597)	(4,007,734)	(2,883,570)
Inventories	(5,462,224)	(5,600,613)	(7,275,960)	(6,706,180)
Other current assets	41,933	837,182	(11,359)	1,396,559
Deposits	(7,716,828)	(15,165,713)	(7,716,828)	(15,165,713)
Other non-current assets	(1,326,874)	133,232	(1,323,872)	142,231
Increase (decrease) in operating liabilities				
Trade and other payables	13,994,702	33,002,340	17,215,416	33,464,129
Advance received	7,799,155	1,506,992	7,345,168	1,429,032
Other current liabilities	1,241,334	(2,861,871)	1,091,327	(2,950,796)
Other non-current liabilities	306,469	397,531	199,169	317,703
Cash flows from operating activities	240,186,287	236,339,671	224,229,436	227,780,600
Cash paid for interest expenses	(6,076,206)	(1,378,716)	(5,764,070)	(1,378,717)
Cash paid for income tax	(27,766,181)	(29,037,524)	(25,479,138)	(25,217,817)
Net cash flows from operating activities	206,343,900	205,923,431	192,986,228	201,184,066

The accompanying notes are an integral part of the financial statements.



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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Siam Wellness Group Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in restricted deposits at financial institution	(5,001,000)	-	-	-
Net cash paid to purchase of investments in subsidiaries	(217,905)	-	-	-
Cash paid for share subscription of subsidiary	-	-	(4)	-
Cash paid for acquisition of leasehold rights on land	-	(2,109,959)	-	(2,109,959)
Cash paid for acquisition of property, plant and equipment	(262,142,505)	(272,042,711)	(257,559,584)	(253,168,539)
Cash paid for acquisition of intangible assets	(2,581,498)	(3,338,375)	(2,464,696)	(3,278,525)
Proceeds from disposal of property, plant and equipment	312,772	1,399,066	67,500	1,309,516
Cash received from dividend from investment in subsidiary	-	-	-	657,686
Cash received from interest income	289,225	267,701	257,768	195,761
Net cash flows used in investing activities	(269,340,911)	(275,824,278)	(259,699,016)	(256,394,060)
Cash flows from financing activities				
Decrease in bank overdrafts from financial institution	(485,063)	-	-	-
Increase in short-term loans from related parties	1,000,000	-	-	-
Decrease in liabilities under financial lease agreements	(535,528)	(494,034)	(535,528)	(494,034)
Cash received from long-term loans from financial institution	207,900,000	100,000,000	207,900,000	100,000,000
Cash paid for repayment of long-term loans from financial institution	(54,000,000)	-	(54,000,000)	-
Cash paid for dividend	(57,000,000)	(57,000,197)	(57,000,000)	(57,000,000)
Net cash flows from financing activities	96,879,409	42,505,769	96,364,472	42,505,966
Net increase (decrease) in cash and cash equivalents	33,882,398	(27,395,078)	29,651,684	(12,704,028)
Cash and cash equivalents at beginning of year	32,851,045	60,246,123	23,859,098	36,563,126
Cash and cash equivalents at end of year (Note 8)	66,733,443	32,851,045	53,510,782	23,859,098

Supplemental cash flows information

Non-cash transactions

Increase in liabilities from acquisition equipment under financial lease agreements	450,000	-	450,000	-
Decrease (increase) in liabilities from acquisition of property, plant and equipment	(637,220)	1,755,980	(948,255)	1,690,598
Increase in provision for dismantling, removing and restoring of leasehold improvement	422,963	564,222	422,963	564,222
Actuarial loss	2,792,897	-	1,910,069	-

The accompanying notes are an integral part of the financial statements.



Signature

นางสาว อรุณรัตน์ นาคกุล

Siam Wellness Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

1. General information

Siam Wellness Group Public Company Limited ("the Company") was incorporated as limited company under the laws of Thailand on 28 November 2001. The Company operates in Thailand and principally engages in spa services business. Its registered head office is at No. 483, Soi Suthiporn, Pracha-Songkroh Road, Dindang, Dindang, Bangkok. As at 31 December 2017, the Company has a total of 40 branches in Bangkok and upcountry (2016: 30 branches) and 1 foreign branch according to the franchise agreement (2016: 1 foreign branch).

The Company registered in the Stock Exchange of Thailand on 31 October 2014 and its common shares had been approved to be listed in the MAI (MAI: Market of Alternative Investment).

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Siam Wellness Group Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 (Percent)	2016 (Percent)
<u>Held by the Company</u>				
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	Thailand	99.99	99.99
Siam Wellness Lab Co., Ltd.	Manufacturing and distributing spa products	Thailand	99.99	99.99
Siam Wellness Education Co., Ltd.	A school for Thai massage	Thailand	99.97	99.97
Siam Wellness Group (Hong Kong) Co., Ltd.	Investment for overseas expansion of the spa business	Hong Kong	100.00	-
Siam Wellness Group (Cambodia) Co., Ltd.	Spa business and sale of spa products	Cambodia	100.00	-
<u>Held by subsidiaries</u>				
Tiger Eyes Trading (Thailand) Co., Ltd. (Held by Siam Wellness Lab Co., Ltd. 99.99 percent)	Import and sale of spa products	Thailand	99.99	-
Tiger Eyes Education Co., Ltd. (Held by Siam Wellness Education Co., Ltd. 99.98 percent)	Institution of spa and beauty business	Thailand	99.98	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.



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- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.



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Franchise income

Franchise income is recognised on an accrual basis in accordance with the substance of the relevant franchise agreements.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost under the first-in, first-out method and net realisable value.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value as at the end of reporting period.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.



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4.6 Leasehold rights

Leasehold rights on land is stated at cost less accumulated amortisation and allowance for impairment (if any). Amortisation is charged to the statement of comprehensive income on a straight-line basis over a period of lease.

4.7 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	-	5 years
Buildings and building on rental land	-	20 years and a period of lease
Buildings improvement	-	5, 20 years and a period of lease
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.



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An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Licenses	5 and 10 years
Trademark	10 years
Computer software	5 and 10 years

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.



The recoverable amount of each cash generating unit is determined based on a value-in-use calculation, using cash flow projections extracted from financial budgets approved by the management. The cash flow projections cover a five-year period and based on key assumptions regarding revenue growth rates and discount rates (for the current year, discount rate was at 9.9%).

4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.



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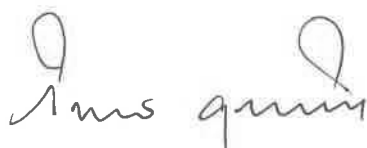
4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews or when there is any indication of impairment in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.




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4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.



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Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognised deferred tax liabilities for all taxable temporary differences while they recognised deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent value using the comparable market approach.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Investment acquisition of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd.

On 30 December 2016, the meeting of the Company's Board of Directors No. 8/2016 passed the resolutions approving the acquisition via its subsidiaries as follows:

- To approve Siam Wellness Lab Co., Ltd., a subsidiary, to acquire total 19,998 ordinary shares of Tiger Eyes Trading (Thailand) Co., Ltd. which principally engaged in importing and supplying spa and beauty products, or 99.99% of total share capital, in order to increase in product lines and the value of spa services and sale of spa product business in the future

- To approve Siam Wellness Education Co., Ltd., a subsidiary, to acquire total 9,998 ordinary shares of Tiger Eyes Education Co., Ltd., which principally engaged in operations of massage, spa and beauty training academy, or 99.98% of total share capital, in order to increase spa training facilities to support the business expansion and the value of spa services and sale of spa products business in the future.

The subsidiaries made payment for the shares in January 2017.

During the current year, these two subsidiaries assesses the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, in order to allocate costs of the business acquisition to the identifiable items.

The fair values of the identifiable assets acquired and liabilities assumed as at the acquisition date of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd. are as follows.

	(Unit: Thousand Baht)
Cash and cash equivalents	904
Trade and other receivables	518
Inventories	3,167
Other current assets	41
Property, plant and equipment	404
Total assets	5,034
Bank overdraft from financial institution	4,234
Short-term loans from and interest payable to related parties	3,023
Trade and other payables	799
Other current liabilities	52
Total liabilities	8,108
Net liabilities at the acquisition date	(3,074)
Excess of purchase price over net liabilities	4,196
Purchase price	1,122

The financial statements of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd. have been included in the consolidated financial statement of the Company since the subsidiaries gained controlling authority.

The excess of the purchase price over the fair value of the net liabilities acquired amounting to Baht 4.2 million has been recorded as goodwill.



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The details of the acquisition are as follows:

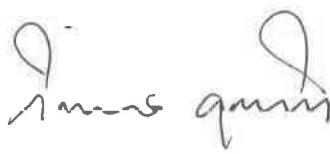
	(Unit: Thousand Baht)
Cash paid for acquisition of the subsidiary companies	1,122
Net liabilities from acquisition of subsidiary companies	3,073
Goodwill	4,195
Cash paid for acquisition of the subsidiary companies	1,122
Less: Cash and cash equivalents of subsidiaries	(904)
Cash paid for acquisition of the subsidiary companies - net of cash and cash equivalent received	218

Goodwill amounting to Baht 4.2 million reflects the increasing in the business value of spa services and sale of spa products business. This increases the potential of the spa services business of the Company and sale of more various type of spa products.

7. Related party transactions

The relationships between the Company and its related parties are summarised below.

Name of related parties	Type of business	Type of relationship
Siam Wellness Lab Co., Ltd.	Manufacturer and sale of spa products	A subsidiary
Siam Wellness Education Co., Ltd.	A school for Thai massage	A subsidiary
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	A subsidiary
Siam Wellness Group (Hong Kong) Co., Ltd.	Investment for overseas expansion of the spa business	A subsidiary
Siam Wellness Group (Cambodia) Co., Ltd.	Spa business and sale of spa products	A subsidiary
Tiger Eyes Trading (Thailand) Co., Ltd.	Import and sale of spa products	A subsidiary (held by a subsidiary)
Tiger Eyes Education Co., Ltd.	Institution of spa and beauty business	A subsidiary (held by a subsidiary)
Blooming Intergift Co., Ltd.	Property rental	Common shareholders
Blooming Co., Ltd.	Sale of gift , a blessed card and a notebook	Common shareholders
B.U. Enterprise Co., Ltd.	Property rental	Common shareholders
Cyberprint Group Co., Ltd.	Printing business	Common shareholders
Asian Fortune Property Co., Ltd.	Real estate development	Common shareholders
Rarinjinda Ordinary Partnership	Property rental	Common directors
Directors of the Company and its subsidiaries		Directors of the Company and its subsidiaries


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During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties. Below is a summary of those transactions.

	Consolidated		Separate		(Unit: Million Baht)
	financial statements		financial statements		Transfer pricing
	2017	2016	2017	2016	Policy
<u>Transactions with subsidiaries</u>					
(Being eliminated from the consolidated financial statements)					
Revenue from sales	-	-	-	0.1	Market price
Revenue from services	-	-	0.2	0.2	Market price
Revenue from rental and utilities	-	-	7.1	7.8	Contract price
Other income	-	-	2.4	2.1	Contract price
Dividend income	-	-	-	0.7	Declared rate
Purchase of goods	-	-	29.3	20.1	Market price
Service expenses	-	-	4.8	5.3	Contract price and market price
Commission expenses	-	-	1.0	1.2	Contract price
Advertising expenses	-	-	0.2	0.2	Contract price
Entertainment expenses	-	-	-	0.2	Actual price
<u>Transactions with related parties</u>					
Revenue from sales	-	0.1	-	-	Market price
Revenue from services	0.3	0.3	0.3	0.2	Market price
Purchase of goods	17.7	13.9	11.6	9.5	Market price
Service expenses	3.8	2.4	2.7	1.4	Contract price and market price
Rental and utilities expenses	23.7	17.7	23.7	17.7	Contract price
Interest expenses	0.2	-	-	-	Contract rate

The balances of the accounts as at 31 December 2017 and 2016 between the Company, subsidiaries and those related companies are as follows:

	Consolidated		Separate		(Unit: Thousand Baht)
	financial statements		financial statements		
	2017	2016	2017	2016	
<u>Trade receivables - subsidiaries (Note 10)</u>					
(Being eliminated from the consolidated financial statements)					
Siam Wellness Resort Co., Ltd.	-	-	752	447	
Siam Wellness Lab Co., Ltd.	-	-	5	7	
Siam Wellness Education Co., Ltd.	-	-	4	7	
Total	-	-	761	461	



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(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade receivables - related parties (Note 10)</u>				
Blooming Co., Ltd.	1	11	-	-
Cyberprint Group Co., Ltd.	8	-	8	-
B.U. Enterprise Co., Ltd.	4	1	-	-
Total	13	12	8	-
<u>Other receivables - subsidiaries (Note 10)</u>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	121	147
Siam Wellness Group (Hong Kong) Co., Ltd.	-	-	67	-
Siam Wellness Group (Cambodia) Co., Ltd.	-	-	67	-
Total	-	-	255	147
<u>Other receivables - related parties (Note 10)</u>				
Directors of the Company	153	-	-	-
Total	153	-	-	-
<u>Short-term loans from and interest payable to related parties</u>				
Director of the Company	1,043	-	-	-
Director of subsidiaries	3,172	-	-	-
Total	4,215	-	-	-
<u>Trade payables - subsidiaries (Note 19)</u>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	145	129
Siam Wellness Lab Co., Ltd.	-	-	1,751	1,621
Siam Wellness Education Co., Ltd.	-	-	560	249
Tiger Eyes Trading (Thailand) Co., Ltd.	-	-	838	-
Tiger Eyes Education Co., Ltd.	-	-	150	-
Total	-	-	3,444	1,999
<u>Trade payables - related parties (Note 19)</u>				
Blooming Co., Ltd.	962	1,657	962	891
Blooming Intergift Co., Ltd.	8	-	8	-
B.U. Enterprise Co., Ltd.	359	94	347	83
Cyberprint Group Co., Ltd.	377	227	340	190
Asian Fortune Property Co., Ltd.	931	259	931	259
Total	2,637	2,237	2,588	1,423
<u>Other payables - related parties (Note 19)</u>				
Directors of the Company	544	262	465	214
Total	544	262	465	214



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Short-term loans from and interest payable to related parties

As at 31 December 2017 and 2016, the balance of short-term loans from and interest payable between the subsidiary and those related parties and the movement are as follows:

(Unit: Thousand Baht)

Lender	Consolidated financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Director of the Company	-	1,043	-	1,043
Director of subsidiaries	-	3,172	-	3,172
Total	-	4,215	-	4,215

The outstanding balance as at 31 December 2017 of short-term loans from and interest payable to related parties are in the form of an unsecured loan, carrying interest at the rate of 5% per annum and due at call.

Directors and management's benefits

During the years ended 31 December 2017 and 2016, employee benefit expense payable to their directors and management of the Company and its subsidiaries are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	19.8	17.1	19.8	17.1
Post-employment benefits	1.0	0.9	1.0	0.9
Total	20.8	18.0	20.8	18.0

Significant agreements with related parties

1. On 1 January 2013, the Company entered into a lease agreement with Rarinjinda Ordinary Partnership for the period of 30 years, due in December 2042 and such agreement is renewable by a formal notice letter not less than 3 years before term due of agreement. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 3.3 million and not more than 15% of rental fee can be increased every 3 years.



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Furthermore, on 1 January 2013, the Company made a sublease agreement with Siam Wellness Resort Co., Ltd. for partial areas for the period of 30 years, due in December 2042 and such agreement is renewable by a formal notice letter 3 years before term due of agreement. Under the agreement, Siam Wellness Resort Co., Ltd. committed to pay an annual rental fee amounting to Baht 2.1 million and not more than 15% of rental fee can be increased every 3 years.

Under the lease and sublease agreements, assets which the Company and the subsidiary build or modify will be transferred the rights to Rarinjinda Ordinary Partnership on maturity date.

2. On 13 November 2015, the Company entered into a head office rental agreement with a related person for the period of 3 years due in December 2018 and such agreement is renewable twice for every 3 years. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 1.3 million and not more than 15% of rental fee can be increased every 3 years.

Furthermore, on 13 November 2015, the Company made sublease agreements with Siam Wellness Lab Co., Ltd. and Siam Wellness Education Co., Ltd. ("sublessees") for partial areas for the period of 3 years, due in December 2018 and such agreements are renewable twice for every 3 years. Under the agreements, the sublessees committed to pay an annual rental fee totalling to Baht 0.7 million.

3. On 23 January 2014, the Company has entered into rental agreements for residence for employees with a related person for the period of 3 years, due in December 2016, and such agreement is renewable by a formal notice letter not less than 2 months before term due of agreement. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.4 million.

On 29 December 2016, the Company renewed the agreement with this related person for the period of 3 years due in December 2019. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.4 million.

4. On 22 January 2014, the Company has entered into a rental and service agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in January 2017 and such agreement is renewable twice for every 3 years. Under the agreement, the Company committed to pay an annual rental and service fees amounting to Baht 6.6 million.



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On 1 September 2016 and 1 October 2016, the Company renewed the agreement with this related company for the period of 3 years due in January 2020. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 7.6 million.

5. On 17 August 2015, the Company has entered into a rental agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in September 2018 and such agreement is renewable for another 3 years. Under the agreement, the Company committed to pay an annual rental and service fees amounting to Baht 1.6 million.

Furthermore, on this date, the Company made a sublease agreement with Siam Wellness Resort Co., Ltd. for partial areas for the period of 3 years, due in September 2018 and such agreement are renewable for another 3 years. Under the agreement, the sub lessees to pay an annual rental and service fee amounting to Baht 1.1 million.

6. On 1 October 2015, the Company has entered into a rental agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in January 2019 and such agreement is renewable twice for every 3 years. Under the agreement, the Company committed to pay an annual rental and service fees amounting to Baht 2.3 million
7. On 14 November 2016, the Company entered into a rental and service agreement for its head office space with B.U. Enterprise Co., Ltd. for the period of 3 years due in December 2019 and such agreement is renewable once for every 3 years. Under the agreement, the Company committed to pay an annual rental and service fee amounting to Baht 3.0 million and not more than 10% of rental fee can be increase every 3 years.

In addition, on 13 March 2017, the Company entered into another rental and service agreement for its head office space with B.U. Enterprise Co., Ltd. for the period of 3 years due in March 2020 and such agreement is renewable once for 3 years. Under the agreement, the Company committed to pay an annual rental and service fee amounting to Baht 0.2 million and not more than 15% of rental fee can be increase every 3 years.




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8. On 29 December 2016, the Company has entered into rental agreement for warehouse with Blooming Intergift Co., Ltd. for the period of 3 years due in December 2019 and such agreement is renewable once for 3 years. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.6 million and not more than 10% of rental fee can be increase every 3 years.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	4,228	4,176	3,840	3,797
Bank deposits	62,505	28,675	49,671	20,062
Total	66,733	32,851	53,511	23,859

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.05 and 0.82 percent per annum (2016: between 0.05 and 0.82 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trading securities				
Investment trusts	75,497	18,004	47,647	-
Add: Unrealised gain on the change in fair value of investments	469	55	175	-
Investment units - net	75,966	18,059	47,822	-
Total current investments	75,966	18,059	47,822	-



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10. Trade and other receivables

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2017	2016
<u>Trade receivables - related parties</u> (Note 7)		
Aged on the basis of due dates		
Not yet due	4	11
Past due		
Up to 3 months	9	1
Total trade receivables - related parties, net	13	12
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	8,815	6,920
Past due		
Up to 3 months	2,179	1,122
3 - 6 months	578	424
6 - 12 months	69	-
Over 12 months	-	1
Total	11,641	8,467
Less: Allowance for doubtful debts	(7)	(1)
Total trade receivables - unrelated parties, net	11,634	8,466
Total trade receivable - net	11,647	8,478
<u>Other receivables</u>		
Other receivables - related parties (Note 7)	153	-
Other receivables - unrelated parties	827	364
Less: Allowance for doubtful debts	(236)	(236)
Total other receivables, net	744	128
Total trade and other receivables - net	12,391	8,606

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Reduce cost to net realisable					
	Cost		value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	7,482	5,179	(1,116)	(171)	6,366	5,008
Service materials and supplies	19,168	12,867	(175)	(45)	18,993	12,822
Food and beverage	619	587	(1)	-	618	587
Products during packaging and packages	1,861	1,868	-	(78)	1,861	1,790
Total	29,130	20,501	(1,292)	(294)	27,838	20,207

(Unit: Thousand Baht)

	Separate financial statements					
	Reduce cost to net realisable					
	Cost		value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	7,621	6,625	(303)	(154)	7,318	6,471
Service materials and supplies	17,842	11,752	(122)	(45)	17,720	11,707
Food and beverage	19	8	(1)	-	18	8
Products during packaging and packages	226	48	-	-	226	48
Total	25,708	18,433	(426)	(199)	25,282	18,234

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 1.4 million (2016: Baht 0.7 million) (The Company only: Baht 0.4 million and 2016: Baht 0.6 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 0.4 million (2016: Baht 1.5 million) (The Company only: Baht 0.2 million and 2016: Baht 1.1 million), and reduced the amount of inventories recognised as expenses during the year.

12. Restricted deposits at financial institution

These represent the fixed deposit of a subsidiary pledged with a financial institution to secure bank overdrafts from financial institution of another subsidiary as disclosed in Note 18 to the financial statements.



13. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements as at 31 December 2017 and 2016 are as follows:

Company's name	Country of incorporation	Called-up share capital		Shareholding percentage		Cost		Dividend received during the year	
		2017	2016	2017	2016	2017	2016	2017	2016
				(%)	(%)				
Siam Wellness Lab Co., Ltd.	Thailand	1,000	1,000	99.99	99.99	2,000	2,000	-	-
Siam Wellness Education Co., Ltd.	Thailand	1,000	1,000	99.97	99.97	1,000	1,000	-	658
Siam Wellness Resort Co., Ltd.	Thailand	60,000	60,000	99.99	99.99	98,705	98,705	-	-
Siam Wellness Group (Hong Kong) Co., Ltd.	Hong Kong	1 (Hong Kong Dollar)	-	100.00	-	-	-	-	-
Siam Wellness Group (Cambodia) Co., Ltd.	Cambodia	-	-	100.00	-	-	-	-	-
Total						101,705	101,705	-	658

Siam Wellness Group (Hong Kong) Co., Ltd.

On 24 March 2017, there was establishing the new subsidiary, Siam Wellness Group (Hong Kong) Co., Ltd., which operates in Hong Kong and principally engages in investment for overseas expansion of the spa business. This subsidiary has 1 Hong Kong Dollar of registered share capital.

Siam Wellness Group (Cambodia) Co., Ltd.

On 26 October 2017, there was establishing the new subsidiary, Siam Wellness Group (Cambodia) Co., Ltd., which operates in Cambodia and principally engages in spa business and sale of spa products in Cambodia. This subsidiary has Riels 2,000 million of registered share capital. As at 31 December 2017, there had not yet been a call for share subscription payment.

14. Leasehold rights on land

	(Unit: Thousand Baht)
Cost	
1 January 2016	17,648
Additions	2,110
31 December 2016	19,758
31 December 2017	19,758



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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อรรถพล จันทนพงศ์

Consolidated and
Separate financial
statements

1 January 2016
Amortisation for the year
31 December 2016
Amortisation for the year
31 December 2017

3,143

6,657

2,981

9,638

31 December 2016

31 December 2017

13,101

10,120

2016

2017

3,143

2,981

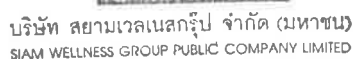
(Unit: Thousand Baht)

Revaluation
basis

Assets
under
installation
and under

Total

1 January 2016	68,778	2,684	525,409	88,048	16,253	13,988	715,160
Additions	59,150	-	40,270	19,775	3,773	147,726	270,694
Disposals/Write-off	-	-	(161)	(682)	(3,607)	(41)	(4,491)
Transfer in (out)	-	-	144,414	2,085	-	(146,499)	-
31 December 2016	127,928	2,684	709,932	109,226	16,419	15,174	981,363
Additions	77,353	-	43,941	24,781	631	116,766	263,472
Increase from acquisition of investment in subsidiaries (Note 6)	-	-	-	404	-	-	404
Disposals/Write-off	-	-	(2,599)	(3,532)	(250)	-	(6,381)
Transfer in (out)	-	-	120,549	2,194	-	(122,743)	-
31 December 2017	205,281	2,684	871,823	133,073	16,800	9,197	1,238,858



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(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis				Assets under installation and under construction	Total
		Land	Land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles	
Accumulated depreciation:							
1 January 2016	-	2,678		164,012	56,809	11,644	235,143
Depreciation for the year	-	6		38,635	10,667	2,221	51,529
Depreciation on disposals/ write-off	-	-		(3)	(611)	(3,607)	(4,221)
31 December 2016	-	2,684		202,644	66,865	10,258	282,451
Depreciation for the year	-	-		56,239	15,004	2,162	73,405
Depreciation on disposals/ write-off	-	-		(2,599)	(3,408)	(250)	(6,257)
31 December 2017	-	2,684		256,284	78,461	12,170	349,599
Net book value:							
31 December 2016	127,928	-		507,288	42,361	6,161	698,912
31 December 2017	205,281	-		615,539	54,612	4,630	889,259

Depreciation for the year

2016 (Baht 48.5 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)	51,529
2017 (Baht 66.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)	73,405

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis				
		Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
Cost/Revalued amount:						
1 January 2016	68,778	405,974	67,338	14,505	13,916	570,511
Additions	59,150	39,740	15,340	3,218	134,437	251,885
Disposals/Write-off	-	-	(324)	(3,607)	(41)	(3,972)
Transfer in (out)	-	131,118	2,020	-	(133,138)	-
31 December 2016	127,928	576,832	84,374	14,116	15,174	818,424
Additions	77,353	41,720	24,424	631	115,072	259,200
Disposals/write-off	-	(2,466)	(1,643)	-	-	(4,109)
Transfer in (out)	-	118,975	2,194	-	(121,169)	-
31 December 2017	205,281	735,061	109,349	14,747	9,077	1,073,515



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(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis				
					Assets under installation and under construction	Total
	Land	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles		
Accumulated depreciation:						
1 January 2016	-	110,064	39,534	9,987	-	159,585
Depreciation for the year	-	35,110	9,106	2,049	-	46,265
Depreciation on disposals/write-off	-	-	(262)	(3,607)	-	(3,869)
31 December 2016	-	145,174	48,378	8,429	-	201,981
Depreciation for the year	-	50,943	13,161	2,051	-	66,155
Depreciation on disposals/write-off	-	(2,467)	(1,520)	-	-	(3,987)
31 December 2017	-	193,650	60,019	10,480	-	264,149
Net book value:						
31 December 2016	127,928	431,658	35,996	5,687	15,174	616,443
31 December 2017	205,281	541,411	49,330	4,267	9,077	809,366
Depreciation for the year						
2016 (Baht 43.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)						46,265
2017 (Baht 59.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)						66,155

The Company arranged for an independent professional value to appraise the value of land in 2015. Land was revalued using the comparable market approach for the basis of the revaluation.

Had the lands carried in the financial statements on a historical cost basis, their net book value as of 31 December 2017 and 2016 would have been as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2017	2016
Land	154,402	77,049



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A breakdown of the land carried on a revaluation basis is as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2017	2016
Original costs	154,402	77,049
Surplus from revaluations	50,879	50,879
Revalued amount	205,281	127,928

As at 31 December 2017, the Company had vehicles and equipment with net book value of Baht 0.7 million (2016: Baht 0.9 million), which were acquired under finance lease agreements.

As at 31 December 2017, certain items of building and building improvements, furniture, fixtures and equipment and motor vehicles were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 98.6 million (2016: Baht 99.5 million) (The Company only: Baht 60.3 million (2016: Baht 61.5 million)).

As at 31 December 2017, the Company has pledged its land and structures thereon amounting to Baht 166.3 million (2016: Baht 87.3 million) as collateral against its long-term loans facility and the letter of guarantees issuance as disclosed in Note 20 and Note 30.3 to the financial statements.

16. Goodwill

A reconciliation of net book value of goodwill for the years ended 31 December 2017 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	20,340	20,340
Increase from acquisition of investment in subsidiaries (Note 6)	4,196	-
Net book value as at 31 December 2017	24,536	20,340



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The Company allocated goodwill acquired in business combination to group of cash generating units for the purpose of impairment testing as follows.

(Unit: Thousand Baht)

Consolidated financial statements						
Spa services business						
under "Baan Suan Massage" brand		Spa services and sale of spa products business		Total		
2017	2016	2017	2016	2017	2016	
Goodwill	20,340	20,340	4,196	-	24,536	20,340

(Unit: Thousand Baht)

		Separate financial statements	
		Spa services business under “Baan Suan Massage” brand	
		2017	2016
Goodwill		20,340	20,340

The Company estimates the recoverable amount of group of cash-generating units from value in use. In determining value in use, the estimated future cash flows are referred from financial estimation with significant assumptions using in relating to revenue growth rate and discount rate approved by the management.

From the consideration of the management, they believed that goodwill did not impair.



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17. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	Computer				Computer			
	Licenses	software	Trademark	Total	Licenses	software	Trademark	Total
As at 31 December 2017:								
Cost	6,180	1,000	4,673	11,853	6,083	240	4,673	10,996
Less: Accumulated amortisation	(841)	(637)	(1,130)	(2,608)	(832)	(22)	(1,130)	(1,984)
Net book value	5,339	363	3,543	9,245	5,251	218	3,543	9,012

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements		
	Computer						
	Licenses	software	Trademark	Total	Licenses	Trademark	Total
As at 31 December 2016:							
Cost	3,918	680	4,673	9,271	3,858	4,673	8,531
Less: Accumulated amortisation	(368)	(514)	(663)	(1,545)	(368)	(663)	(1,031)
Net book value	3,550	166	4,010	7,726	3,490	4,010	7,500

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	7,726	5,022	7,500	4,742
Acquisition during the year	2,582	3,338	2,465	3,279
Amortisation	(1,063)	(634)	(953)	(521)
Net book value at end of year	9,245	7,726	9,012	7,500



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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18. Bank overdrafts from financial institution

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Bank overdrafts from financial institution	3,749	-	-	-
Total	3,749	-	-	-

Bank overdrafts of a subsidiary has interest at the fixed deposit rate for individual plus 2.0% per annum which are secured by fixed deposit of another subsidiary as disclosed in Note 12 to the financial statements.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts payable - unrelated parties	37,694	31,383	34,348	27,985
Trade accounts payable - related parties				
(Note 7)	2,637	2,237	6,032	3,422
Retention	9,053	9,357	9,053	8,755
Other payables - related parties				
(Note 7)	544	262	465	214
Accrued payroll and bonus expenses	16,043	13,763	15,389	13,126
Accrued expenses - others	18,242	12,723	17,615	12,113
Other payables	1,669	658	1,513	568
Total trade and other payables	85,882	70,383	84,415	66,183

20. Long-term loans

(Unit: Thousand Baht)

Loan	Facility amount (Million Baht)	Interest rate (% p.a.)	Consolidated and	
			Separate financial statements	
			2017	2016
1	240	MLR - 3	173,900	100,000
2	80	MLR - 3	80,000	-
Total			253,900	100,000
Less: Current portion			(68,850)	(20,000)
Long-term loan, net of current portion			185,050	80,000

Credit facility amount of Baht 240 million

During the year ended 31 December 2017, there is a revision of principal repayment from Baht 1.7 million per month, with 60 periods to the repayment on monthly basis under condition as specified in the loan agreement (amendment version), with 60 periods. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 15 to the financial statements.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2017, this long-term credit facilities of a Company which have not yet been drawn down amounted to Baht 12 million (2016: Baht 140 million).

Credit facility amount of Baht 80 million

During the year ended 31 December 2017, the Company had entered into the loan agreement with credit facility amount of Baht 80 million with a financial institution.

The principal repayment is due on monthly basis, with 60 equal installments. The first repayment is due in February 2018. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 15 to the financial statements.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2017, the long-term credit facilities of a Company had been fully drawn down (2016: Nil).

Movements in the long-term loans from financial institution during the year 2017 are summarised below:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2017	100,000
Add: Increase during period	207,900
Less: Repayment	(54,000)
Balance as at 31 December 2017	253,900



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21. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2017	2016
Liabilities under finance lease agreements	698	779
Less: Deferred interest expenses	(36)	(31)
Total	662	748
Less: Portion due within one year	(310)	(522)
Liabilities under finance lease agreements - net of current portion	352	226

The Company has entered into the finance lease agreement with leasing company for rental of motor vehicle and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 5 years.

Future minimum lease payments required under the finance lease agreement as at 31 December 2017 and 2016 were as follows:

	(Unit: Thousand Baht)		
	Consolidated and Separate financial statements		
	2017		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	325	373	698
Deferred interest expenses	(15)	(21)	(36)
Present value of future minimum lease payments	310	352	662

	(Unit: Thousand Baht)		
	Consolidated and Separate financial statements		
	2016		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	550	229	779
Deferred interest expenses	(28)	(3)	(31)
Present value of future minimum lease payments	522	227	748



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22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	6,073	4,173	5,134	3,543
Included in profit or loss:				
Current service cost	1,737	1,686	1,462	1,411
Interest cost	283	214	239	180
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	296	-	231	-
Financial assumptions changes	1,689	-	1,235	-
Experience adjustments	808	-	443	-
Provision for long-term employee benefits at end of year	10,886	6,073	8,744	5,134

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales	109	111	-	-
Cost of services	585	523	486	469
Selling and administrative expenses	1,326	1,266	1,215	1,122
Total expenses recognised in profit or loss	2,020	1,900	1,701	1,591

The Company and its subsidiaries expect to pay Baht 0.4 million of long-term employee benefits during the next year (the Company only: Baht 0.3 million) (2016: Baht 0.2 million (the Company only: Baht 0.1 million)).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 17 - 37 years (the Company only: 26 - 29 years) (2016: 17 - 33 years (the Company only: 20 - 27 years)).



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Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Discount rate	3.03 - 3.65	3.34 - 4.09	3.26 - 3.36	3.62 - 3.91
Salary increase rate	7.37	6.07	7.37	6.07
Turnover rate	5.00	5.00	5.00	5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: million Baht)							
	Consolidated financial statements		Separate financial statements					
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
	2017	2016	2017	2016	2017	2016	2017	2016
Discount rate	(0.6)	(0.4)	0.7	0.4	(0.5)	(0.3)	0.5	0.3
Salary increase rate	0.6	0.4	(0.6)	(0.4)	0.5	0.3	(0.4)	(0.3)
Turnover rate	(0.7)	(0.4)	0.7	0.5	(0.5)	(0.3)	0.5	0.4

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve of the Company has fully been set aside.

24. Dividends

Dividends	Approved by	Dividend (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2016	Annual General Meeting of the Company's shareholders on 31 March 2017	28.50	0.05
Interim dividends for 2017	Board of Directors' Meeting No.6/2017 on 11 August 2017	28.50	0.05
Total		57.00	0.10



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Dividends	Approved by	Dividend (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2015	Annual General Meeting of the Company's shareholders on 28 March 2016	28.50	0.05
Interim dividends for 2016	Board of Directors' Meeting No.6/2016 on 23 September 2016	28.50	0.05
Total		57.00	0.10

25. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial		Separate financial	
	statements		statements	
	2017	2016	2017	2016
Changes in inventories	(8,629)	(5,600)	(7,275)	(6,706)
Purchases of inventories	102,951	78,254	88,734	69,245
Depreciation and amortisation	77,449	55,305	70,089	49,928
Employee expenses	333,848	257,416	307,734	238,561
Directors' remuneration	2,346	1,750	2,346	1,750
Rental expenses	123,076	87,374	121,133	87,374
Public utilities	27,382	20,814	26,459	20,094
Maintenance and decorate locations expenses	20,981	16,154	20,881	16,018
Advertising and promotion expenses	19,395	16,639	19,137	16,296
Laundry expenses	22,296	15,340	21,704	15,025
Consulting fees	3,229	1,233	1,251	1,116



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26. Income tax

26.1 Income tax expenses

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	32,670	24,117	29,582	22,585
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,918)	(1,253)	(1,874)	(1,288)
Income tax expenses reported in the statements of comprehensive income	30,752	22,864	27,708	21,297

26.2 Income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial loss	555	-	382	-
	555	-	382	-



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26.3 Reconciliation between accounting profit and income tax expenses

The reconciliation between accounting profit and income tax expenses is shown below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	205,921	163,830	188,657	141,928
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	41,407	30,725	37,731	28,386
Effects of:				
Exempt dividend income	-	(132)	-	(132)
Non-deductible expenses	319	128	127	14
Additional expense deductions allowed	(10,974)	(7,857)	(10,150)	(6,971)
Total	(10,655)	(7,861)	(10,023)	(7,089)
Income tax expenses reported in the statements of comprehensive income	30,752	22,864	27,708	21,297

26.4 Deferred tax assets / liabilities

The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	49	47	47	47
Allowance for diminution in value of inventories	101	56	86	40
Provision for long-term employee benefits	2,146	1,195	1,749	1,027
Rental straight-line method	2,489	1,191	2,489	1,191
Interest and depreciation from decommissioning estimation	276	206	276	206
Total	5,061	2,695	4,647	2,511



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	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2017	2016	2017	2016
Deferred tax liabilities				
Surplus on revaluation of land	10,176	10,176	10,176	10,176
Revenue from rental straight-line method	-	-	24	-
Unrealised gain from revaluation of trading investments	81	7	35	-
Deferred sales and marketing revenues	480	660	480	660
Total	10,737	10,843	10,715	10,836
Deferred tax assets - net	368	177	-	-
Deferred tax liabilities - net	6,044	8,325	6,068	8,325

As at 31 December 2017, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 8.6 million (2016: Nil), on which deferred tax assets have not been recognised as the subsidiaries believe futures taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 8.5 million will expire by 2018 - 2021.

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial		Separate financial	
	statements		statements	
	2017	2016	2017	2016
Profit for the year (Thousand Baht)	175,168	140,965	160,949	120,630
Weighted average number of ordinary shares (Thousand shares)	570,000	570,000	570,000	570,000
Profit per share (Baht/share)	0.31	0.25	0.28	0.21



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28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- Spa services, which operates day spa and destination spa. Also, provides spa management and spa consultancy services.
- Sales of spa products and healthy products, which distributes natural spa products both and spa equipment for domestic and international market.
- Hotel and restaurant, which operates boutique resort and restaurant.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

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The segment assets of the Company and its subsidiaries as at 31 December 2017 and 2016 are as follows:

(Unit: Million Baht)

	Spa services and sales of spa products and healthy products*		Hotel and restaurant		Elimination		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Property, plant and equipment	809	617	80	82	-	-	889	699
Other assets	271	155	25	15	(9)	(4)	287	166
Total assets	1,080	772	105	97	(9)	(4)	1,176	865
Increase in non-current assets other than financial instruments and deferred tax assets	292	275	5	18	-	-	297	293

* Spa services business has using assets jointly with sales of spa products and healthy products business.



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Geographic information

The Company and its subsidiaries operate mainly in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major Customer

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

29. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by American International Assurance Co., Ltd., will be paid to employees upon termination in accordance with the fund rules.

During the years 2017 and 2016, the contributions to the fund which were recognised as expenses are as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2017	2016
Contributions to provident fund	1.0	0.6

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2017 and 2016, the Company has the outstanding commitments for construction, which the contracts have already been signed. These are summarised as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2017	2016
Construction costs	10.8	21.6



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30.2 Operating lease commitments

30.2.1 The Company and its subsidiaries have entered into several operating lease agreements in respect of the lease of service locations and equipment. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2017 and 2016, the Company and its subsidiaries have future minimum payments required under these non-cancellable operating leases agreement and related service agreements were as follows.

	(Unit: Million Baht)	
	Consolidated and Separate financial statements	
	2017	2016
Payable:		
In up to 1 year	123	112
In over 1 and up to 5 years	218	203
In over 5 years	51	42

30.2.2 The Company has entered into operating lease agreement in respect of the lease of land with a related party for the period 30 years due in December 2042. Under the agreement, not more than 15% of rental fee will be increased every 3 years. During the year ended 31 December 2017, the Company recognised rental expenses amounting to Baht 3.2 million (2016: Baht 3.2 million).

30.2.3 The Company had made operating agreements with certain lessors that the rental and service fees are to be calculated taking into account the proportion of service income that the Company received from the customers relating to its spa services. During the year ended 31 December 2017, the Company recognised rental and service expenses amounting to Bath 12.7 million (2016: Baht 0.8 million).

30.2.4 As at 31 December 2017, future minimum sublease payments expected to be received under non-cancellable subleases for partial areas amounting to Baht 3.7 million (2016: Baht 7.6 million). During the year ended 31 December 2017, the Company recognised rental expenses of Baht 6.2 million (2016: Baht 6.2 million) and subleasing revenue for partial areas of Baht 3.9 million (2016: Baht 3.9 million).

30.3 As at 31 December 2017, the Company has commitment of Riels 2,000 million in respect of uncalled portion of investment in a subsidiary.



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30.4 Letters of guarantees

As at 31 December 2017, there were outstanding bank guarantees of Baht 2.4 million (2016: Baht 1.4 million) (the Company only: Baht 1.9 million (2016: Baht 0.8 million)) issued by the banks on behalf of the Company and its subsidiaries as required in the normal course of business.

31. Fair value hierarchy

As at 31 December 2017 and 2016, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

31 December 2017				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Unit trusts	-	76	-	76
Lands	-	205	-	205

(Unit: Million Baht)

31 December 2016				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Unit trusts	-	18	-	18
Lands	-	128	-	128

(Unit: Million Baht)

31 December 2017				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Unit trusts	-	48	-	48
Lands	-	205	-	205



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(Unit: Million Baht)

31 December 2016

Separate financial statements

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Lands	-	128	-	128

Valuation techniques and inputs to Level 2 valuation

The fair value of investment in unit trusts has been determined by using the net asset values of the last working day of the reporting period as announced by the asset management company.

The fair value of lands was revalued using the comparable market approach appraised by an independent professional valuer.

During the current period, there were no transfers within the fair value hierarchy.

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, restricted deposits of financial institution, bank overdrafts from financial institution, short-term loans from and interest payable to related parties, trade and other payables, liabilities under finance lease agreements, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since their businesses are sales and services to minor customers. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statements of financial position.



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Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their deposit at financial institutions, restricted deposits of financial institution, bank overdrafts from financial institution, short-term loans from and interest payable to related parties, long-term loans, and liabilities under finance lease agreements. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
31 December 2017							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	61	6	67	0.05 - 0.82
Current investments	-	-	-	-	76	76	-
Trade and other receivables	-	-	-	-	12	12	-
Restricted deposits of financial institution	5	-	-	-	-	5	1.05
	5	-	-	61	94	160	
<u>Financial liabilities</u>							
Bank overdrafts from financial institution	-	-	-	4	-	4	Note 18
Short-term loans from and interest payable to related parties	-	-	4	-	-	4	Note 7
Trade and other payables	-	-	-	-	86	86	-
Long-term loans	-	-	-	254	-	254	Note 20
Liabilities under financial lease agreements	-	1	-	-	-	1	0.24 and 5.46
	-	1	4	258	86	349	

(Unit: Million Baht)

Separate financial statements

31 December 2017

Fixed interest rates

	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
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Financial Assets

Cash and cash equivalent	-	-	-	50	4	54	0.05 - 0.82
Current investments	-	-	-	-	48	48	-
Trade and other receivables	-	-	-	-	9	9	-
	-	-	-	50	61	111	

Financial liabilities

Trade and other payables	-	-	-	-	84	84	-
Long-term loans	-	-	-	254	-	254	Note 20
Liabilities under financial lease agreements	-	1	-	-	-	1	0.24 and 5.46
	-	1	-	254	84	339	

(Unit: Million Baht)

Consolidated financial statements

31 December 2016

Fixed interest rates

	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
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Financial Assets

Cash and cash equivalent	-	-	-	29	4	33	0.05 - 0.82
Current investments	-	-	-	-	18	18	-
Trade and other receivables	-	-	-	-	9	9	-
	-	-	-	29	31	60	

Financial liabilities

Trade and other payables	-	-	-	-	70	70	-
Long-term loans	-	-	-	100	-	100	Note 20
Liabilities under financial lease agreement	1	-	-	-	-	1	5.46
	1	-	-	100	70	171	



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(Unit: Million Baht)

Separate financial statements							
31 December 2016							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	20	4	24	0.05 - 0.82
Trade and other receivables	-	-	-	-	5	5	-
	-	-	-	20	9	29	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	66	66	-
Long-term loan	-	-	-	100	-	100	Note 20
Liabilities under financial lease agreement	1	-	-	-	-	1	5.46
	1	-	-	100	66	167	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises from deposit at overseas banks, purchase and service transactions that are denominated in foreign currencies. The Company and its subsidiaries do not expect to incur material losses from the exchange rates as their businesses are sales and services to minor customers. The Company and its subsidiaries had no forward contracts outstanding balance as at the end of reporting period.

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currencies	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US Dollar	0.5	0.3	-	-	32.68	35.83
Hong Kong Dollar	4,240.6	25.2	-	-	4.18	4.62
Euro	-	-	10.7	-	39.03	-



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Foreign currencies	Separate financial statements			
	Financial assets		Average exchange rate	
	2017	2016	2017	2016
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US Dollar	0.5	0.3	32.68	35.83
Hong Kong Dollar	4,240.6	25.2	4.18	4.62

32.2 Fair values of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, trade and other receivables, bank overdrafts from financial institution, and trade and other payables, their carrying amounts in the statements of financial position approximate their fair values.
- For current investments, their fair values are generally derived from quoted market prices.
- For long-term loan carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

33. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their businesses and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.56:1 (2016: 0.36:1) and the Company's was 0.55:1 (2016: 0.34:1).

34. Event after the reporting period

On 27 February 2018, the meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval the dividend payment from operating results for the period as from 1 July 2017 to 31 December 2017, at a rate of Baht 0.07 per share, totally Baht 39.9 million. This dividend will be paid in April 2018.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.



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